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NEWS SUMMARY

GENERAL

Nuclear leak in U.S. plant

An emergency was declared yesterday at a U.S. nuclear power plant after a radiation leak inside one of its reactors.

The Nuclear Regulatory Commission sent inspectors to the Island plant in central Pennsylvania, and all non-essential employees were evacuated.

The leak, which reinforces U.S. unease about nuclear safety, has been blamed on a cooling system failure which released radiation inside the reactor containment shell. One local report claimed radioactive steam had escaped into the atmosphere.
Back Page

Troops close in on Kampala

The United Nations was preparing yesterday to evacuate dependents of its personnel in Kampala as Tanzanian-backed forces invading Uganda closed in on the capital.

Nairobi diplomats reported that the invading troops had advanced five miles from Mpigi, south-west of Kampala, and were occupynig the village of Nabingo, about 13 miles from the capital. Back Page

Summit demand

Iraq and Syria yesterday called for a full summit to decide on more extensive economic measures against President Anwar Sadat of Egypt, after the signing of the peace treaty wiht Israel.
Page 18

Lorry inquiry

The Government has decided to go ahead with its inquiry into weight limits for lorries. The probe will also consider the impact of lorries on people and their environment. Transport Secretary William Rodgers told the Commons yesterday. Back Page. Aid for new rail rolling stock. Page 6.

Bomb threat

Part of the U.S. Embassy in Moscow was evacuated after a man walked in and threatened to explode a bomb if he was not given a visa to leave the Soviet Union.

Lock-out protest

Riot police used smoke bombs to disperse demonstrators protesting at the closure of Ford Motor's plant near Valencia, Spain. Ford-Espana, the company's *subsidiary*, declared a lock-out after a series of strikes. Page 3

Recruits plan

The Government is to press ahead with plans to recruit two or three experienced industrialists for under-secretary posts, in spite of opposition from Civil Service unions.

Record perm

Hairdresser Irene Powell of Port Talbot, West Glamorgan, filled in a Littlewoods pools coupon for the first time and won a record £882,528 on her 20th birthday.

Briefly . . .

Two Britons and a Pakistani were missing feared dead after being trapped by crude oil flooding the pump chamber of the British tanker Texaco Spain in Rotterdam.

Police announced a curfew in a large area around Rhodesia's international airport after black nationalist guerrillas fired anti-tank shells into a white Salisbury suburb. There were no *injuries*.

Snow made driving treacherous in many parts of the UK yesterday and more wintry weather is forecast today. Weather Back Page

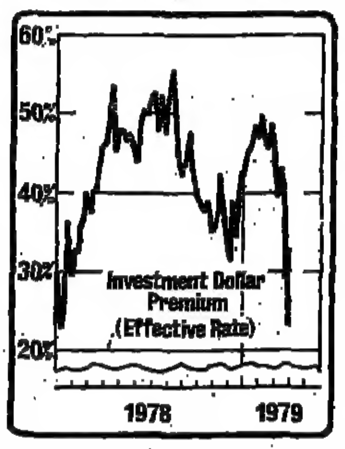
BUSINESS

Gilts up by 1.15; Equities down 0.9

● *GILTS traded strongly as* stock markets experienced their busiest trade for two years, but eleventh-hour nervousness over the no-confidence vote slowed the pace and longs closed ¼ up. Shorts also settled with marginal improvements and the Government Securities Index closed 0.15 up at 74.30.

● EQUITIES reacted to the movement in Gilts and profit-taking started to develop among the leaders, although many secondary stocks remained near the best of the day. The FT Ordinary Industrial index closed 0.9 *lower* at 538.3, representing a turnround of 6.1 from the noon calculation.

● INVESTMENT dollar premium fell sharply to 56½ per



cent against 61¼ per cent. Page 30.

● STERLING reacted nervously falling 40 points to close at $2.0495. Its Bank of England index fell to 65.5 (65.6).

● GOLD rose by $1 to close at $244¼.

● WALL STREET was up 1.82 at 873.18 at mid-session.

● RAPIDLY deepening world recession could occur over the next decade unless major structural changes are made in the pattern of trade, according to a group of Cambridge economists. Page 8 and Back

● INLAND REVENUE is appealing against a tax commissioners' ruling that Marine Midland Bank should not have to pay Corporation Tax on sterling gains from non-sterling assets financed through foreign currency loan stock. Page 6

● LLOYD'S OF LONDON officials are considering mounting a rescue for the stricken underwriting syndicate, formerly managed by Mr. Frederick Sasse. Page 6

● THEME of recommendations in the Green Paper on restrictive trade practices policy is to strengthen and make more selective existing competition law, while adding a greater degree of flexibility. Page 7 and Back

● *RIO TINTO ZINC, the bigegst of the London mining houses*, is considering participation in Mr. Robert L. Sprinkel's scheme to rescue the failed Wheal Jane tin mine near Truro in Cornwall. Page 6

LABOUR

● NUPE has called off its lone *campaign of nidustrial action* over a 9 per cent pay deal for hospital ancillary workers. Page 8

● UNION OF POST OFFICE WORKERS executive will consider a pay offer worth 12 per cent against a background of industrial action in London.

COMPANIES

● *PRUDENTIAL, the UK's* largest life assurance group, reports a 29 per cent rise in profits in 1978 to £41m. Dividend payments are lifted by 20 per cent. Page 24 and Lex

● SHRODERS BANKERS reports net profit for 1978 up £1.44m to £4.94m. following recovery in associates' results. Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 12¼pc '99	£44⅛	+ ¼
Apex Properties	114	+ 7
Allen Harvey Ross	385	+ 25
BPM A	92	+ 8
Beecham	733	+ 8
Burton A	296	+ 8
Cawoods	193	+ 13
Carr's Milling	123	+ 13
County Dist. Props.	194	+ 19
Feb Intnl.	38	+ 4
Farnell Elect.	528	+ 23
Hambro Life	490	+ 17
Hanger Invs.	64	+ 8½
Intnl. Thomson Cnv.	360	+ 15
Jones (Ernest)	244	+ 14
Kalamazoo	62	+ 7
Kent (M. P.)	65	+ 4
Morland	121	+ 14
Prudential	187	+ 9
Samuel Props.	129	+ 8
Savoy A	98	+ 5
Scottish TV A	80	+ 5
Sharna Ware	145	+ 18
Union Discount	380	+ 15
Wilkinson Mitchell	44	+ 6
Wilmot-Breeden	119	+ 5½
Yorkshire Chemicals	84	+ 8
BP	1144	+ 26
Atherton Antimony	19	+ 4
FALLS		
Assed. Fisheries	36	− 3
Bluebird Conf.	79	− 4
GKN	276	− 10
Paterson Zochonis A	192	− 13
Sanderson Murray	40	− 13
Utd. Scientific	262	− 32
De Beers Dfd.	388	− 10
General Mining	417	− 23
Union Corp.	327	− 13
Western Deep	742	− 36

Labour needs working majority, says Premier

Callaghan admits election is essential

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGHAN admitted for the first time yesterday during the Commons censure debate on the Government that a general election must take place soon.

He declared during a spirited defence of the Government's policies that if there was to be economic success, Labour needed a working majority, "and we shall seek that in the early future."

Pugnacious

A Government defeat would mean an immediate election at *the end of April* or early May, but even survival would not greatly lengthen the Government's life. Most Ministers see little point in trying to survive from day to day.

This belief came through time after time in Mr. Callaghan's pugnacious speech in which he highlighted the Government's achievements and warned of the dangers of a Conservative administration under Mrs. Thatcher.

The Conservative leader, making one of the most critical speeches of her career, called for an immediate general election as the only way to renew the authority of parliamentary government. "This Government has failed the nation, lost credibility and it is time for it to go," she declared.

The opening speeches in the debate took place against a background of frantic last-minute attempts to persuade *key* minority party MPs to change sides. There were numerous rumours about the attitude in particular of many Northern Ireland MPs.

The key element remains the attitude of the seven Ulster Unionist MPs and Mr. James Molyneaux, their parliamentary leader, appeared to leave the door slightly ajar for an 11th-hour deal. He made an enigmatic speech underlining the portance of local government reform in the province.

The last time a government was defeated on a motion of no confidence in the Commons was in 1924 when Mr. Ramsay MacDonald's minority Labour administration lost office.

Mr. Callaghan made no attempt to offer any political carrots to the minority parties, but he did repeat his offer of all-party talks on devolution should the Government survive the division.

Mrs. Thatcher's speech was surprisingly low key, largely because of a deliberate tactic by Labour MPs to maintain as complete a silence as possible. There was no attepmt to heckle or to intervene and in these circumstances the Tory leader's speech appeared to lack impact.

She launched a detailed critique of the Government's failure to chieve its economic *objectives on prices, employ*ment and manufacturing output, and she castigated it for the "total collapse" of its social contract strategy.

In her view, rarely could Britain's standing in the world have been lower since the war or its defences weaker. "Britain is now a nation on the sidelines," Mrs. Thatcher declared.

Over the past five years of Labour rule far too little attention had ben paid to wealth creation, and far too much to wealth distribution. The Tories would give top priority to a *policy of incentives and taxation* cuts.

Despite the Government's pronouncements on incentives there had been no action. "The lack of that policy has led to a haemorrahge of talen and in management, and resentment among the skilled," she said.

Parliament Page 10
Unions set election machine in motion, Back Page

Pensions to rise 12½%

BY ERIC SHORT

BASIC STATE retirement pensions are to rise by about 12½ per cent at the next uprating in November to about 22 per week for a single person and about £35 per week for a married couple.

The rises, announced by the Prime Minister yesterday, pre-empting the Chancellor's Budget statement, would provide for a rise of about £2.50 a week for a single person and £4 a week for a married couple. The present weekly rates are £19.50 and £31.20 respectively. The new rates represent increases of 12.8 per cent and 12.2 per cent.

While any incoming Conservative Government would not be obliged to implement these preicse increases in November, it would be bound by law to revise pension rates by that date to take account of inflation.

Parliament Page 10

Algerian oil price to rise by 25%

BY RICHARD JOHNS

ALGERIA has decided on a price of about $18.50 per barrel for its light, non-sulphurous crude, Mr. Ait Laoussine, vice-president of the State oil corporation Sonatrach, said yesterday.

Such an increment would be *25 per cent above the price set* for the first quarter. Speaking on his departure from Geneva at the end of the Organisation of Petroleum Exporting Countries' meeting, Mr. Laoussine said that the market could support such a price.

It would involve a rise in the quality premium charged for Saharan and Zaizaitire varieties to $1.50. This would be in addition to the extra $1.10 on the basic price and the $1.20 surcharge agreed by all members of OPEC except Saudi Arabia and possibly the United Arab Emirates.

North Sea oil contract prices will rise in line with those set by the North African producers. Prices for the main crudes, such as Forties and Ekofisk, are likely to be increased to about $17.50-$18 a berrel, a rise of 16 per cent on the first quarter level of $15.50.

Consultations

Prices gained for occasional cargoes sold on the spot market which accounts for only a very small percentage of world oil trade, are likely to continue at a rather higher level. One cargo from a northern North Sea field was sold recently at $22 a barrel for delivery late in the second quarter.

Thus, in spite of Saudi Arabia's success in limiting the rise of the price for the Arabian Light "marker" to the level originally scheduled for the last quarter, Algeria feels able to *set one close to its original* $19 target.

Mr. Izzedin Mabrouk, Libyan Minister of Oil, said that his country's prices would not be announced until Sunday but they would be *in line* with those of Algeria. In practice, that would mean anything from $17.75 to $18.40.

Nigeria, which held consultations with Libya and Algeria in London before the OPEC conference, will co-ordinate its prices with them. It is believed to have agreed to reduce its production, which rose sharply as a result of the cut-off in Iranian exports in the winter, to help support the big premiums in prospect for the North African crudes.

As yet the United Arab Emirates appears to be undecided on its pricing policy. Dr. Mana Al Otaiba, Minister of Oil, said on Tuesday that his Government would preserve its existing differentials but left the OPEC conference without makink it clear whether they would be based on the new official price of the "marker" *crude or on the $1.20 surcharge* as well. Oil industry executives believe the UAE will do the latter.

In the meantime, there can be no assurance that Saudi *Arabia will keep its rates* adjusted to official $14.542 base reference agreed upon by OPEC for the whole of the second quarter. On Tuesday night Sheikh Ahmed Zaki *Yamani, Saudi Minister of Oil*, appeared to leave the door open for moving into line with

In denying that it was the kingdom's intention to impose a surcharge on top of the official rate he said: "We are not going to apply this. It is not our intention right now."

Sheikh Yamani suggested that the tight market would be eased by the fact that Venezuela, Iraq and Nigeria would continue to produce at the levels reached as a result of the shortfall in Iranian supplies.

However, Veneznela has *stated that it wishes to go back* to the old level. Nigeria, at the very least, will be under heavy pressure from fellow North African producers to cut back. The Iranian delegation claimed *it had been assured by Nigeria* that it would do so.

Mr. Tayeh Abdel-Karim, Iraqi's Minister of Oil, said his country had raised output from 2.5m b/d to 3m b/d and would drop to the old level.

In contrast, Sheikh Yamani said that Iraq's production had risen as high as 3.5m b/d, of which no less than 1m b/d was being sold *on the spot market* —a rpactice that he expected to continue.

On the basis of optimistic forecasts about exports by these three producers and Iran he *envisaged* supply and demand coming into balance by the end of the year, eliminating the surcharge in the process—but only so long as consumption was reduced by 2m b/d and there was no more stock-piling by the industrialised country. Informed that the U.S. had stopped adding to its reserves he said: "That's good news."

In line with the OPEC communique's strictures about oil company profits arising from the Iranian crisis and its warning to those charging developing countries more than the "OPEC price," he threatened reprisals.

China to raise $500m loan through Arab consortium

BY OUR FOREIGN STAFF

CHINA is raising what appears to be its first syndicated loan in the international banking market.

The loan, for $500m (£244m) is being arranged through the Paris-based consortium, Union de Banques Arabes et Fran*caises, with the co-operation of* other Arab banks. It is not tied to particular development projects or imports from specific countries.

The terms are being kept closely guarded but were believed by banking sources yesterday to be 0.5 points above the London InterBank Rate (LIBOR) over seven years.

Bankers were not surprised by the agreement, which appears to coincide with other measures that the Chinese are now taking to raise money on the commercial markets. There was surprise, however, that the first mandate should have been awarded to a largely Arab consortium. The loan is being placed among mainly Arab institutions.

It also merged yesterday that *a British bank has been* approached to arrange a syndication for a loan believed to be about $500m over five years.

Finalising

From Tokyo, it was reported as well that a group of 22 Japanese banks, which have been negotiating with China on credit terms, may agree to a 4½ year loan for $2bn also at 0.5 points above LIBOR. The Japanese had been seeking a margin of ½ of a point as against Chinese attempts to reduce it to ⅜ of a point.

Japanese banks are also negotiating a six month refinance facility with China for $6bn. Agreement looks possible on a rate of 0.25 points above LIBOR.

The succession of deals suggests that the Chinese are now finalising both the amounts they want to borrow and the terms which they are prepared to pay.

Up to now most of China's *financing arrangements for its* industrialisation programme have been made through government backed agencies such as Britain's Export Credits Guarantee Department.

The attraction to them of a loan raised through a group of Arab banks would seem to be that it involves no commitment to any of their major trading partners.

Chinese leaders have recently expressed caution over imports and credits, saying they did not want to borrow more than they could afford. This has been reflected in China's freezing contracts with Japan for $2bn to $3bn as a result of differences over the financial arrangements.

While the Chinese are in the process of revising their investment priorities — downgrading steel and heavy industry in favour of agriculture and light industry—there are still strong signs that they intend to continue to make extensive purchases of foreign technology.

China's trade in 1978 was thought to be roughly in balance at $8bn each way. Foreign exchange reserves remained at about $2bn and China contracted to purchase about $7bn-worth of equipment.

£ in New York

—	March 27	Previous
Spot	$2.0495-0505	$2.0525-0535
1 month	0.42-0.38 dis	0.43-0.38 dis
3 months	0.74-0.69 dis	0.79-0.74 dis
12 months	2.35-2.20 dis	2.40-2.20 dis

George Weston in £195m bid for 51% of Hudson's Bay shares

BY ROBERT GIBBENS IN MONTREAL

THE Toronto-based George Weston food processing and distribution group yesterday made a C$40 a share offer, worth C$470m (£195m), for 51 per cent of the Hudson's Bay Company shares.

Weston is offering Bay shareholders cash, preferred stock or a mixture of both.

The bid tops the C$31 a share offer in cash, worth C$365m, made on March 1 by the *Thomson* family interests through two of their private Toronto-based holding companies.

The Bay urged its shareholders last Friday to reject the Thomson bid on the grounds that it was too low. It argued that its shares, which were trading at just over C$20 before the Thomson bid—while the last trade on Friday was around C$28½—were really worth C$41.

Weston said Bay shareholders would have the option of the C$28½—were really worth C$41. C$40 cash per share or C$40 in 8.25 per cent preferred shares at C$20 in cash and C$20 in preferred shares.

The choice would be limited only to the extent that "in the aggregate no less than 25 per cent and no more than 40 per cent of the purchase price will be paid in preferred shares and in any event a total of no more than C$231m of preferred shares will be issued."

If more than 11.7m Bay shares are tendered under the offer, Weston would buy shares on a pro rata basis. However, it reserves the right to buy a greater number.

If less than 11.7m Bay shares are tendered it reserves the right either not to purchase any shares deposited or to buy all shares deposited.

Weston said it had no intention of becoming involved in the Bay's day-to-day operating decisions. However, it would seek majority representation on the board to protect its investment.

Neither the Bay nor the two Thomson holding companies were prepared to comment immediately on the bid terms yesterday.

The London advisers of George Weston are Hambros Bank and N. M. Rothschild.

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For latest Share Index 'phone 01-246 8026

Business confidence stays high in West Germany

BY ADRIAN DICKS IN BONN

BUSINESS confidence in West Germany remained at a high level in February, with more manufacturing companies taking an optimistic view of the next six months than in January, the IFO Institute reports today.

But the institute expresses concern that further oil price increases could trigger off an inflationary spiral in West Germany, and help push the rate of price increases well above the 3.5 per cent expected this year.

The institute's comments coincide with today's meeting of the Central Bank Council in Frankfurt, widely expected by the banking community to take the opportunity to raise discount rate from 3 to 3.5 per cent.

In addition to technical reasons prompting this step, Dr. Otmar Emminger, Bundesbank President, delivered a warning of his own about inflation earlier this week.

Leaving aside the impact of further oil price rises, the IFO survey suggests that while the firmer economic trend has led to a greater number of price increases than in early 1978, many industries appear to have made their adjustments for the year.

The most notable sector for increasing prices in February was semi-manufacturers such as chemicals, iron and steel, non-ferrous metals and foundry products — all of which have only in the past two or three months begun to report the benefits of economic recovery.

The survey shows a less satisfactory trend for producers of consumer durables such as household electricial appliances.

But companies reported that they do not expect lasting ill-effects from the current check to demand from slower exports and from a high level of domestic stocks.

Manuracturers of capital goods, often seen as the key component of the IFO test, reported increased order books and output rates. This led many respondents to describe business conditions in February as closer to "normal" — a term that appears to refer to the years before the 1973-74 oil prcie increases.

Mechanical engineering and machinery producers, in particular, reported a further improvement in business, with a marked recovery in export orders.

Electrical engineering companies were less satisfied, while the data processing and office equipment industry continued to experience more difficulties.

The motor industry remained the strongest point in the German economic picture, with private car and commercial vehicle manufacture still apparently booming.

Atom waste inquiry opens

BY JONATHAN CARR IN BONN

A SIX-DAY hearing of international nuclear energy experts began in Hanover, the capital of Lower Saxony, yesterday. The outcome will be of importance for West Germany's own atomic energy plans.

At issue is whether burial in underground salt deposits is a suitable way of disposing of radioactive waste. The question is of immediate relevance since it is proposed to develop a nuclear fuel services centre at Gorleben, Lower Saxony, and bury nuclear waste in the salt beneath it.

This project has not yet been given final approval by the State government and the result of the hearing is likely to influence its decision.

More than 60 experts from, among other countries, the U.S., Britain, Sweden, Denmark and West Germany are taking part in the discussions which are being held in public.

Swedish N-plants approved

By John Walker in Stockholm

THE BOARD of the Swedish Nuclear Power Authority has voted to go ahead with the fuelling of two more nuclear power stations. The decision has come as a great relief to the Liberal minority Government which has promised to follow the Board's decision.

Disagreement among the political parties over the nuclear power issue broke up the three-party Non-Socialist Government last year.

The two nuclear power stations involved are Ringhals 3 and Forsmark 1. They will bring to eight the total of stations already on stream, or nearing completion. The Authority has plans for 12 stations.

Voting by the Board was six for and two against.

The conflict over the nuclear energy programme remains at the centre of the political stage and is likely to become more controversial as the time approaches for the general election to be held in September.

There is also the important issue of safe storage of nuclear waste, and whether it can be stored in caves.

Paul Lendvai reports on Czechoslovakia's deceptive political calm

Economic fears break through

"WE CZECHS are normal people. We do not like fighting losing battles but prefer to adapt ourselves to the given situation." That is how an engineer in his late forties summed up the popular mood in Czechoslovakia.

A glance at Rude Pravo, the central party paper, tends to confirm the impression of a certain political normalisation. Instead of attacking dissident intellectuals and thundering *against western "imperialist plots,"* Mr. Milos Jakes, Secretary of the Central Committee, fills four pages with a report to the plenum on the performance of agriculture and the food industry.

Both the personality of the speaker and the subject matter are pointers to just how much has changed in Czechoslovakia in the decade since 1969 when Dr. Gustav Husak, now both head of state and party leader, replaced Mr. Alexander Dubcek, the hero of the short-lived reforms of the "Prague Spring."

The same Mr. Jakes who in 1970-71 was in charge of purging almost half a million party members now has to deal with problems such as the unsatisfactory production of sugar-beet, fodder and potatoes.

Mr. Jakes presented a rather sombre picture: plan targets during the last three years were not met in the production of feed grains, sugar beet, hops, fruit and vegetables, as well as cattle breeding. The food industry remained 2.6 per cent below target, and co-operative and state farms failed to become sufficiently profitable.

Prime Minister Lubomir Strougal (left) and President Gustav Husak: pragmatic attitudes.

With food imports a heavy drain on meagre foreign exchange resources, the leadership publicly committed itself at the last party congress, in April 1976, to make the country self-sufficient in agriculture by 1980. But Mr. Jakes demolished any idea that agriculture might be thriving. His candour, coupled with emphatic calls for greater efficiency, higher quality and meaningful material incentives indicates the seriousness with which the top leaders view the economic situation.

The energy and power sector, which is due to receive a third of total industrial investments during the current five-year plan, is also causing serious concern. The country, and above all industry, is beginning to recover from the repercussions of the winter power shortage.

It was caused primarily by difficulties in transporting coal from the North Bohemian coal mining areas to the eastern parts. Severe restrictions on the consumption of electricity were imposed, including the reduction of television transmissions to two and a half hours in the evening, a three-week closure of schools, and changes in working shifts.

Winter hazards dramatically illustrated the country's dependence on poor quality lignite, which is the base for 70 per *cent of the output generated by* thermal power stations. In all, coal-burning power plants account for 95 per cent of the electricity.

A sudden change in temperature, frost and snow produced frozen rails, bringing transport to a standstill. Worse still, railmen had no equipment to cope with the emergency and in the process of trying to get the frozen coal from the freight wagons they caused further serious damage. With no hope of increased Soviet oil deliveries (17m tons in 1977) and with nuclear power covering only at best 4 per cent of energy demand by 1980, the country has to rely on coal mined under *increasingly difficult conditions* and at an ever-growing cost.

"We have no resources apart from timber and the hands of our people." That is how the Prime Minister, Mr. Lubomir Strougal summed up the situation in a recent talk. Predictably he omitted to mention the delicate issue of uranium reserves shipped for processing to the Soviet Union.

The revolution in Iran poses a new threat to energy supplies. The Shah, who together with Empress Farah received honorary degrees from Prague's Charles University in August, 1977, as well as the highest Czechoslovak order (the White Lion First Class with chain) approved a contract under which Czechoslovakia was to receive 3.5bn cubic metres of natural gas a year between 1981 and 2001. It was even hoped that by the 1980s Iran could cover almost a third of the demand for imported fuel.

Travelling through Bohemia, the visitor is struck by the ever present problem of air pollution and environmental damage caused not only by open cast mining but also by the antiquated plants with industrial equipment, on average 12 years old.

The fact that Czechoslovakia before the war was already a highly industrialised country and that little damage was done to its industry during the Second World War, emerges now as a relative disadvantage. It may rank as number three in per capita stel output in the world, but the products of its large and overextended engineering industry are less and less competitive in world markets.

That poses the question of how to acquire foreign exchange to pay not only for imported fuel and food, but also modern mining and industrial equipment. In striking contrast with neighbouring Poland, the Czechoslovak Government is extremely cautious in its foreign borrowing. The external debt is put at only $2.2bn.

With Western bankers concerned about the level of some Comecon countries' indebtedness, Czechoslovakia finds itself in the curious position of being urged, for example, by the Austrian and British Trade Ministers this month, to borrow from Western banks or to tap the Euromarkets. The Finance Minister, Mr. Lepold Ler, merely replied that he would think about it.

His name is associated with the much discussed "complex experiment of effectiveness and control," introduced in January 1978 for a period of three years in some 150 plants with almost half a million employees. This experiment to raise efficiency and quality and to reduce production costs cannot succeed without theh granting of real financial rewards both to enterprises and individuals, or without a transition to realistic prices in order to gauge the real export and production performance of industry.

How can one motivate people to achieve a better performance without opening the floodgates of criticism? That is the real question behind the experiment, timid as it is compared with the economic reforms in neighbouring Hungary. Yet as long as Dr. Husak's regime can produce bananas from Colombia, oranges from Cuba, and tinned fruit juice from Greece on the stalls, in addition to an erratic but on the whole adequate supply of basic foodstuffs, relative political stability is unlikely to be endangered by pressures from below.

On the whole, however, the atmosphere is curiously apolitical, characterised not by sullen protest but by an admirable mastery of getting around the system.

On the face of it, an average wage earner must put down the equivalent of two years' earnings for a Skoda car, and over four years for an imported Austin Allegro. But statistics are deceptive. Through a host of semi-legal and illegal activities, ranging from moonlighting and enforced tipping, to black market transactions and foreign exchange speculations equalling billions of crowns, many Czech families manage to lead quite a comfortable existence.

But the chilly wind of economic realities will force—perhaps sooner than people realise—an agonising reappraisal of the subsidised price structure.

This may be the main reason why the so-called pragmatists, headed by Mr. Strougal and cautiously supported by President Husak, may gain in influence and why even Mr. Jakes, a trusted friend of the Soviet Union, now speaks about crops and sugarbeet rather than the "class enemy."

Five-year plan draft rejected

Prime Minister Lubomir Strougal yesterday told the Czechoslovak Parliament that the Government has rejected draft proposals for the next five-year plan, AP *reports* from Prague. Ministries and industries will have to submit new proposals.

The proposals put too much emphasis on imports and had demanded inefficient investments, said Mr. Strougal. Forecasting a change in the method of planning, he disclosed that an improved system will be introduced this year to include the organisation of foreign trade activities, in addition to the tasks of the management.

Although exports increased by an unprecedented 36 per cent in the last three years, he said, growing raw material and fuel prices had eaten away the profits.

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Eanes rejects Mota Pinto's offer to quit

BY JIMMY BURNS IN LISBON

PORTUGAL'S four-month-old non-party Government has been given a temporary, if fragile, lease of life. This follows a five-day political crisis which threatened the country with early elections this summer.

A statement from the Presidential Palace yesterday said that President Antonia Ramallaho Eanes has rejected Prime Minister Carlos Mota Pinto's offer of resignation.

He had reaffirmed his support in the Government "having taken into consideration the political and economic situation of the country."

This was the first official confirmation that the Prime Minister had in fact offered his resignation, as had been widely expected, following the Government's Budget defeat last week.

By opting to support Sr. Mota Pinto, rather than dissolving Parliament or calling for a new Government, President Eanes is clearly taking a gamble on the Government passing its next Parliamentary test.

This will probably occur next month, when Sr. Mota Pinto presents a new 1979 Budget proposal and a revised short-term economic plan.

While accepting the President's support, the Prime Minister has made it clear that his Government has no intention of making any substantial amendments to its original economic plans, though it is prepared to show "some flexibility."

The extent of this flexibility will hold the key to its fate, as the country's main political parties still look like standing firm on their objections to a number of key items.

These items include the new tax on the 13th-month Christmas bonus, and the 18 per cent wage ceiling.

Clearly, President Eanes has reason to feel that the risk implied in his latest "political solution" is worth taking.

His firm statement of support for Sr. Mota Pinto's Government appears to have temporarily halted perhaps the most worrying development in Portugal's latest political crisis.

This is the increasing concern of the armed forces over what is seen as the divided, negative, and potentially destructive attitudes struck by the political parties.

Sr. Mota Pinto's Government is believed to be warmly backed by the country's chiefs of staff.

Equally immediate is the effect that political continuity will have on Portugal's potential creditors, not least the IMF.

An early election as a solution to last week's political deadlock would have almost certainly put an end to any chance of Portugal renegotiating its letter of intent.

The fund, however, is not expected to resume negotiations with the Portuguese Government until both the 1979 Budget and the short-term economic plan have safely passed Parliament.

Dutch payments gap less than expected

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND RECORDED a much lower balance of payments current account deficit in 1978 than suggested by the most pessimistic estimates, thanks to a late revision of the figures. The deficit was Fl 2.4bn (£580m), Mr. Frans Andriessen, the Finance Minister, said in a note to Parliament. This compared with earlier official estimates of a deficit of up to Fl 3.5bn (£850m), and private estimates as high as Fl 4bn (£970m).

The improvement of Fl 1.1bn between official forecasts and the actual result was due to a series of minor corrections to previous estimates, the Finance Ministry said yesterday. European Community transfers to Holland were higher than expected, the deficit on tourist spending was smaller, and some trade — notably oil products — which was at first registered as imports was later re-exported.

Set against the original estimates of a balance of payments surplus of Fl 6bn (£1.45bn) in 1978, the final figures reveal a substantial worsening of the Dutch position. Last year's deficit was the first for seven years and followed a surplus of Fl 1.4bn (£340m) (revised from an earlier figure of Fl 1.1bn) the year before.

A new estimate for the balance of payments position this year will be included in the central economic plan due to be made public later this week by the Central Planning Office, the main Government forecasting organisation.

Finance Ministry figures for the final quarter of 1978 revealed a seasonally corrected deficit of Fl300m (£73m), compared with a deficit of Fl800m (£195m) in the third quarter and a surplus of Fl490m (£118m) in the final 1977 quarter.

The unadjusted figure for the final 1978 quarter showed a surplus of Fl700m (£170m), compared with a surplus of Fl1.2bn (£290m) in the same 1977 quarter.

The deficit on visible trade rose to Fl1.6bn (£388m) in the last three months of 1978, compared with a deficit of Fl1.1bn (£266m) in the third quarter. Imports rose 4.5 per cent in value while exports were unchanged.

New doubt on health of Brezhnev

By David Satter in Moscow

RENEWED speculation about the health of President Leonid Brezhnev surfaced yesterday with the abrupt cancellation by the Soviet Union of the visit of M. Valery Giscard d'Estaing, the French President.

Diplomats said M. Bruno de Leusse, the French ambassador, was told 48 hours before the French leader was to arrive that the visit had to be put off because Mr. Brezhnev had severe influenza.

Tass news agency said the visit will take place in three weeks' time, but there is some doubt about this among observers. Despite periodic bouts of ill health, Mr. Brezhnev has never had to put off a major meeting with a foreign leader at such short notice.

The 72-year-old Soviet leader did not fall ill this winter as he has in previous years, but, before making a brief trip to Bulgaria in January, he said his colleagues were urging him to take a holiday.

The health of the ageing Soviet leadership is a closely held secret and senior Politburo members in their seventies have disappeared for periods of as long as three months without a word of explanation in the Government-controlled Press.

Mr. Brezhnev fell ill in the winter of 1977-78 and was out of public view for two periods of about a month each. He was also not seen for more than a month in late 1975 and early 1976, after reportedly coming down with pneumonia.

He is believed to have some long-term health problems, including a heart ailment, hearing difficulty, and jaw and dental problems which sometimes result in badly slurred speech.

His bad health appears to be cyclic. Diplomats who meet him are frequently impressed with his stamina but there are times when his appearance gives rise to reports that he is almost incapacitated.

Mr. Brezhnev appeared in good form when last seen in public, on March 22, embracing General Kriangsak Chamanand, the Thai Prime Minister, before a session of Kremlin talks.

FORD'S MIXED FORTUNES IN SPAIN AND PORTUGAL

Unrest shuts Fiesta plant again

BY ROBERT GRAHAM IN MADRID

FORD YESTERDAY closed its Almusafes plant near Valencia, after mounting labour unrest, and began an indefinite lock-out. In answer, Ford workers held violent protest demonstrations, and clashed with riot police in Valencia.

This is the second lock-out in six weeks at Almusafes, which produces the Fiesta. The deteriorating labour climate at Ford is fast becoming Spain's most bitter industrial dispute since unions were legalised in April 1977.

At the heart of the conflict is a struggle by management to ensure a tranquil labour force, and by the unions to establish a position of bargaining strength.

The lock-out would continue until the unions gave signs of willingness to let the plant operate normally, Ford said. Both sides seem ready for a long conflict.

The Communist - controlled CCOO, the main union at Ford, alleged that the company was deliberately taking a tough stance to "break the new legal powers the unions were trying to exercise."

Ford yesterday blamed the lock-out on continuing wildcat strikes and interruptions that were making normal production impossible.

The Almusafes plant has a workforce of 10,000, of which 8,200 are shop-floor workers. Since early January, when negotiations on a new wage and *conditions agreement began,* labour relations have become increasingly bitter.

The management has been offering a pay increase averaging 12 per cent, within the government-imposed limits. The union negotiating committee has been asking for slightly above the 14 per cent ceiling.

It has also been pressing a wide range of demands concerning union rights and new work conditions, including restrictions on Saturday work. This led to strikes on two Saturdays in January.

In mid-February, Ford carried out a three-day lock-out and suspended negotiations. The company also applied to the Labour Ministry for a "laudo"—a move equivalent to calling in Labour Ministry arbitration.

The union leadership saw this as a means of shifting responsibility, and as from February 15, began a ban on overtime, and a policy of "non-co-operation."

This had "degenerated into intimidation, harassment and violent picketing" of workers who sought to go against the union leadership, a Ford spokesman said.

He claimed the company had gathered evidence of harassment and violence by 13 persons. Eight of these were sacked on Monday and a further five on Tuesday.

But five of the sacked men were on the union negotiating committee and two were the heads of CCOO and a more radical union, CSUT.

The sackings immediately prompted protest stoppages in the plant, the dismissal of these key men being seen as a "provocation."

The unions claim that Ford was anxious to get rid of the main organisers, since the company had suffered serious loss of production from mid-February.

They also say the tough Ford attitude is being reflected in other plants owned by multinational auto-manufacturers in Spain, and point to problems at both Citroen and Renault in negotiating wage agreements.

At Chrysler in Madrid, a stoppage occurred on Tuesday after an overseer allegedly beat up a worker and fired shots in the air.

Ironically, Ford was attracted to Spain, and particularly to non-industrialised Almusafes, because of the tranquil labour situation.

At Almusafes, it was able to recruit labour from the countryside wthout experience of organisation. Because of this, the main trade unions, since legalisation, have selected Ford as a company where they want to prove their strength.

Since the plant began operations in October 1976, the number of incidents has grown. In January last year, 58 workers were dismissed for various protest activities connected with wage negotiations.

While Mr. Henry Ford was visiting the plant last month, workers staged a strike, primarily to demonstrate their muscle.

Last year's wage negotiations were only resolved by arbitration after management-union talks had broken down.

But last November, when Ford in Britain was shut down, the plant did not go on a solidarity strike.

For the moment, Ford is saying that the labour unrest will not affect its decision whether or not to choose Spain as a site for European expansion.

In the past two weeks, the company is understood to have reversed its previous negative attitude towards Spain for up to $450m of new investment alongside the existing Almusafes plant.

This is believed to be due, in part, to imminent changes in existing restrictive legalisation regarding the Spanish motor industry.

Move to integrate output

BY JIMMY BURNS IN LISBON

FORD LUSITANIA, the U.S. motor company's Portuguese subsidiary, has announced *plans to integrate production* at the Azambuja assembly plant near Lisbon into Ford's European operations.

Since 1963, Ford Lusitania has concentrated on the assembly of commercial vehicles and passenger cars for the Portuguese domestic market. But now it is to *invest about $1m in the first phase of a new export programme.*

This will involve exporting this year up to 30 per cent of its total production of 9,000 assembled transits to Italy, and greater integration in the future with Ford's other European plants.

The company will also step up its export of parts, *last year valued at $5m.*

Mr. Patrick Byrne, chairman of Ford Lusitania, said the new export programme would mean an increase in the Azambuja work force from 240 to 1,107.

The project is expected to help Portugal's ailing motor industry in its attempts to adapt to the country's future membership of the EEC.

Portuguese Government officials and Ford Europe are continuing discussions on a proposal to set up a new $1bn assembly plant in Portugal.

The proposal centres on the development of a site at the industrial complex of Sines, near Lisbon.

But is thought to have only an outside chance of being accepted by Ford, given the stronger challenge from both France and Austria. A *decision from Ford is expected by next month.*

Consumer price rises slow down in France

By Robert Mauthner in Paris

FRENCH CONSUMER prices rose by 0.7 per cent in February, after increasing by 0.9 per cent in January. The result is considered relatively satisfactory by M. Rene Monory, the Economics Minister.

Over the past three months inflation has been running at an annual rate of about 8.5 per cent, marginally higher than the authorities' target for 1979, but roughly in line with the latest OECD forecasts for the French economy.

The French authorities do not believe that the latest oil price increase decided by the OPEC countries will have a great direct effect on the consumer price index in France.

The increases decided in Abu Dhabi last year had already been taken into account in the official forecasts for the French economy, and Tuesday's OPEC decision in Geneva is not expected to put more than about 0.2 to 0.3 per cent on to the consumer price index.

It is also recognised that the latest oil price rises could lead to slower economic growth in the second half of this year than predicted. According to the OECD, whose report on France was published before Tuesday's OPEC decision, the increase in GDP was in any case likely to be closer to 3 per cent in 1979 than the 3.7 to 4.0 per cent forecast by the authorities.

Unofficial French estimates now put the probable growth rate in the current rate at about 3.5 per cent.

The last two OPEC price rises combined are estimated to place an additional burden of some FFr 8.5bn on France's balance of payments this year, and could produce a renewal trade deficit of some FFr 2bn to 3bn this *year, after a surplus of the same* order in 1978.

Redemption Notice

City of Oslo (Norway)

9% Sinking Fund External Loan Bonds due May 1, 1985

NOTICE IS HEREBY GIVEN, pursuant to Fiscal Agency Agreement dated as of May 1, 1970 under which the above described Bonds were issued, that Citibank, N.A., *Fiscal Agent, has selected by lot for redemption on May 1, 1979 through the operation of the Sinking Fund,* $944,000 principal amount of said Bonds at the Sinking Fund redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected by lot for redemption are as follows:

BOND NUMBERS

M12	1119	2846	4231	5574	7000	7964	9806	11157	12464	13256	14435	15225	16210	17170	18072	19131
80	1123	2848	4254	5576	7035	7981	9830	11171	12465	13276	14450	15229	16215	17183	18077	19134
91	1140	2850	4275	5598	7048	7999	9906	11173	12476	13289	14476	15240	16240	17210	18091	19140
126	1177	2854	4383	5614	7056	8024	9926	11179	12481	13303	14487	15245	16262	17216	18096	19143
132	1202	2857	4400	5639	7094	8049	9947	11180	12495	13319	14505	15257	16289	17246	18108	19150
141	1208	2865	4402	5712	7153	8058	9955	11211	12515	13333	14522	15272	16307	17261	18130	19154
216	1239	2902	4409	5724	7163	8075	9974	11241	12522	13343	14547	15291	16321	17270	18203	19160
220	1245	2932	4414	5791	7166	8130	9992	11251	12533	13366	14570	15318	16334	17291	18216	19167
229	1300	2933	4451	5813	7186	8155	10006	11267	12551	13382	14575	15327	16364	17298	18265	19175
232	1311	2960	4472	5843	7197	8193	10024	11300	12552	13401	14582	15331	16385	17320	18281	19177
234	1318	2977	4517	5858	7235	8226	10038	11332	12557	13453	14587	15343	16391	17329	18319	19191
236	1402	3006	4521	5890	7244	8268	10051	11368	12560	13462	14597	15361	16408	17349	18362	19199
237	1416	3046	4542	5893	7258	8351	10065	11386	12565	13479	14606	15372	16452	17363	18380	19209
238	1447	3058	4624	5950	7270	8364	10088	11418	12593	13510	14611	15381	16483	17387	18403	19223
245	1455	3067	4660	5977	7281	8407	10173	11434	12607	13525	14617	15402	16513	17400	18417	19231
258	1468	3078	4666	5999	7298	8426	10211	11466	12624	13539	14637	15410	16522	17412	18440	19248
272	1480	3084	4675	6005	7316	8450	10289	11485	12640	13555	14644	15412	16547	17430	18445	19256
311	1496	3099	4690	6019	7331	8491	10331	11495	12643	13574	14652	15428	16557	17440	18454	19262
336	1509	3125	4734	6062	7353	8499	10339	11512	12655	13602	14665	15437	16566	17456	18466	19357
424	1520	3145	4750	6111	7372	8576	10349	11524	12678	13626	14670	15458	16573	17468	18506	19360
435	1555	3164	4761	6121	7390	8581	10356	11533	12711	13651	14679	15471	16600	17484	18521	19368
459	1562	3175	4791	6133	7406	8620	10359	11560	12714	13677	14685	15492	16619	17500	18538	19375
481	1693	3312	4810	6139	7418	8684	10360	11583	12726	13686	14687	15512	16641	17517	18554	19394
484	1701	3323	4827	6161	7431	8689	10380	11598	12729	13718	14766	15520	16651	17535	18567	19396
526	1733	3352	4836	6171	7444	8753	10398	11614	12740	13741	14783	15528	16661	17541	18585	19398
538	1835	3407	4845	6173	7463	8784	10401	11629	12748	13788	14791	15531	16680	17547	18605	19409
543	1877	3416	4853	6185	7494	8836	10440	11635	12785	13800	14806	15567	16700	17574	18620	19428
546	1947	3432	4861	6217	7519	8874	10443	11646	12797	13824	14809	15576	16706	17601	18666	19453
631	1959	3448	4876	6283	7526	8948	10450	11650	12807	13836	14823	15663	16718	17612	18678	19460
634	1968	3449	4881	6294	7531	8953	10494	11658	12810	13854	14839	15678	16727	17624	18686	19506
647	1970	3694	4916	6375	7539	8975	10517	11666	12818	13875	14856	15695	16734	17636	18701	19531
684	2027	3713	4926	6391	7544	9002	10532	11823	12822	13932	14872	15718	16757	17653	18708	19561
691	2051	3716	4932	6416	7554	9009	10546	11836	12836	13948	14889	15730	16772	17703	18717	19579
728	2062	3745	5132	6441	7568	9063	10558	11841	12849	13983	14899	15801	16775	17751	18724	19600
730	2115	3750	5155	6460	7588	9099	10572	11851	12866	13995	14908	15807	16785	17779	18763	19603
753	2236	3772	5194	6466	7594	9146	10590	11877	12869	14005	14923	15820	16790	17791	18785	19630
758	2251	3799	5201	6477	7603	9159	10610	11896	12879	14109	14941	15831	16801	17821	18795	19643
770	2262	3808	5204	6496	7641	9170	10628	11902	12885	14142	14965	15890	16829	17894	18805	19710
788	2285	3811	5210	6519	7657	9177	10647	11915	12913	14195	14980	15906	16878	17907	18828	19716
808	2315	3826	5214	6555	7695	9198	10656	11956	12917	14205	14999	15923	16891	17948	18839	19734
822	2361	3831	5230	6572	7707	9217	10674	11967	12931	14216	15017	15951	16903	17963	18867	19747
840	2369	3900	5292	6603	7731	9350	10760	11969	12939	14230	15024	15967	16919	17975	18873	19755
909	2373	3919	5319	6616	7770	9387	10780	12019	12988	14254	15032	15988	16943	17983	18878	19771
929	2405	3928	5341	6629	7773	9419	10794	12076	13030	14296	15046	15994	16960	17997	18897	19789
935	2415	3960	5360	6638	7781	9463	10809	12125	13049	14311	15063	16001	16978	18003	18919	19811
958	2439	3967	5376	6650	7804	9540	10865	12183	13076	14321	15101	16037	17010	18008	18934	19844
963	2482	3976	5383	6670	7824	9593	10964	12216	13106	14379	15119	16057	17021	18012	18943	19863
981	2526	3990	5401	6679	7825	9596	10985	12243	13114	14385	15151	16067	17033	18015	18953	19887
995	2554	4011	5411	6727	7855	9622	10998	12245	13130	14391	15155	16077	17056	18022	18975	
1024	2557	4031	5432	6754	7868	9688	11003	12247	13145	14395	15161	16101	17060	18027	19006	
1042	2565	4087	5455	6806	7886	9704	11015	12308	13160	14399	15172	16108	17064	18033	19044	
1094	2615	4098	5474	6813	7890	9718	11031	12376	13187	14405	15184	16123	17080	18038	19062	
1106	2697	4174	5497	6822	7906	9756	11046	12393	13196	14407	15190	16143	17098	18041	19065	
1109	2745	4184	5502	6875	7912	9768	11058	12395	13221	14412	15201	16165	17107	18047	19086	
1110	2768	4204	5554	6974	7913	9786	11085	12414	13235	14417	15208	16171	17121	18054	19102	
1113	2837	4206	5569	6987	7924	9791	11119	12435	13241	14422	15213	16188	17137	18064	19119	

On May 1, 1979 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to the date fixed for redemption. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts thereon, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the **Corporate Trust Office of Citibank, N.A., Municipal Bond Processing Window, 20 Exchange Place, 17th Floor, New York, N. Y. 10043** and subject to applicable laws and regulations, at the main offices of Citibank, N.A., in Amsterdam, Brussels, Frankfurt (Main), London, Milan and Paris. Payment at the offices of Citibank, N.A. in Europe referred to above will be made by check drawn upon a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

On and after the date fixed for redemption interest on said Bonds will cease to accrue. Coupons due May 1, 1979 should be detached from the Bonds and presented for payment in the usual manner.

For the CITY OF OSLO (NORWAY)

CITIBANK, N.A.

as Fiscal Agent

March 29, 1979

S. Africa boosts defence spending, cuts taxes in expansionary budget

BY QUENTIN PEEL IN JOHANNESBURG

A BIG INCREASE in defence spending, combined with major tax concessions, was announced in a significantly expansionary South African budget yesterday.

The measures proposed by Senator Owen Horwood, the Minister of Finance, include a return to foreign borrowing by *the South African Government* to the tune of R200m (£118m), and a 5 per cent cut in the existing import surcharge to 7.5 per cent.

In what amounts to a major stimulation of the economy, at a time when the faltering economic revival has been jeopardised by increases in fuel prices, Senator Horwood announced direct tax concessions *totalling more than R760m* (£447m), concentrated largely on cuts in personal income taxes and increased allowances. Companies have also won tax concessions with a reduction in the loan levy from 15 to 10 per cent, and a special concession for the gold- and diamond-mining houses, scrapping the 2½ per cent tax surcharge they pay.

Defence spending is the only category of government spending to show a significant increase, rising by some 20 per cent from R1.5bn (£882m) to R1.8bn. The big rise compares with significant underspending on defence in the past year, itself a reflection of the mandatory UN arms embargo on South Africa. The budget for the coming year suggests that the South African Defence Force is confident of finding willing sellers of the equipment it needs.

Overall government spending *is scheduled to* increase by less than 12 per cent, or little faster than the current 11.3 per cent inflation rate. Sen. Horwood said his intention was to stimulate the economy by injecting money into the private sector without simultaneously boosting government spending.

However, the other major areas of Government concern, apart from defence — energy supplies and black development —received special attention. The budget of Soekor, the Government oil-exploration company, is to be increased from R20m to R37m, to cover an acceleration in the offshore oil exploration programme.

The R3.3bn expansion of the Sasol oil-from-coal project gets an initial R150m of direct Government cash in the coming year. Sen. Horwood added that he expected private investors to provide at least R500m towards the cost of the project.

While the major impact of tax concessions is on white taxpayers, the budget raises the tax threshold for black taxpayers, and also includes a special R20m subsidy for bread prices. Another significant move to woo the black population is a 60 per cent increase in the amount of money set aside for consolidation of the tribal homelands.

Sen. Horwood said that he expected the country to raise R200m on the international capital market in the coming year — a reflection of South Africa's improved international credit rating. Most of the money had already been secured, he said.

South Africa had a balance of payments current account surplus of R1.3bn in 1978, but a continuing outflow of capital, particularly on the short-term account, reduced the overall surplus to less than R500m. But *Sen. Horwood said* that the economy now required sustained growth "in keeping with our long-term potential." He forecast a growth rate of 4 per cent in 1979 compared with 2.5 per cent last year.

India faced with shortages

By K. K. Sharma in New Delhi

A WARNING that the Indian economy will face shortages in key industrial areas as a result of the pick up in demand since last year has been sounded by Mr. James Raj, chairman of the Industrial Credit and Investment Corporation of India. The ICICI is one of the major industrial financial institutions in the country.

Mr. Raj said that the revival of demand has already led to shortages in key sectors like steel and cement.

The Government has arranged for imports of 1m tonnes of steel and about 3m tonnes of cement to meet the current shortages.

But Mr. Raj warned that "imports cannot be a substitute for the creation of additional capacity in the industrial sector." Fortunately, policymakers now have more options for dealing with the situation than at any time in the last 20 years.

Foreign exchange reserves presently stand at nearly $7bn making possible imports to meet current consumption and reduce the impact of fluctuations in domestic supplies.

The Government has used foreign exchange reserves to meet such shortages of essential consumer goods such as edible oil and raw materials like cotton. Meanwhile, a liberal policy is also being pursued with regard to import of capital goods to create industrial capacity in areas where shortages are being felt.

The Planning Commission is now making a projection of demand and possible shortages expected in the period 1979-84.

The Commission's exercises are not yet complete but indications are that it thinks there will be an increase in demand for fertilisers; pesticides agricultural tools and machinery (including tractors), construction materials of all kinds and many industrial consumer goods. All these are largely the result of higher incomes in rural areas arising from four consecutive bumper harvests.

There have been warnings that shortages will arise because there is capacity in many areas of production. This will be underutilised because of power supply shortages and industrial unrest.

Another danger is that the imbalance between demand and supply might get further accentuated if the expectation of price rise encourages the accumulation of stocks.

For the moment inflationary forces are well under control. Wholesale prices are just below levels a year ago. But the Reserve Bank and the financial institutions have pointed out that big increases in money supply in the past two years and have an inflationary potential which can be checked only if effective steps are taken to increase supplies of goods.

UK hope on Iran defence orders

BY SIMON HENDERSON IN TEHRAN

BRITAIN IS expected to start renegotiations of its defence contract with the new Iranian government in about a month amid signs that cancellations of western military orders in Iran might not be as high as originally feared.

Mr. Ali Ardalan, the Finance Minister, had previously said all contracts not regarded as necessary would be cancelled without compensation. But Rear Admiral Ahmad Madani, the Defence Minister, said on Tuesday that Iran was prepared to sell back to the U.S. sophisticated F-14 Tomcat fighters and top secret Phoenix air-to-air missiles. America has been worried that this equipment could fall into Soviet hands.

Revival of British contracts to sell 1,200 advanced Chieftain tanks and tracked Rapier missiles seems unlikely, but hope is expressed that a naval training role and spare contracts for earlier Chieftain and Rapier deliveries will be reactivated. In the last days before the revolution, the Government of Dr. Bakhtiar indicated it would cancel $15bn of defence contracts with the West, but never did so formally.

In an interview Admiral Madani also said Iran needed and would be willing to employ foreign experts to help its armed forces although not the same people as before. He referred to the French, West German, British and Japanese as being acceptable nationalities. He said technicians, by implication American, would also be needed to maintain the fleet of more than 500 helicopters supplied to the Shah by Bell and Boeing Vertol.

The Admiral, who was sacked by the Shah for his opposition to the exiled monarch's desired policeman role in the Indian Ocean, said Iran was still interested in buying between two and four Spruance class destroyers each worth $500m from Litton Industries in the U.S., and between three and six of the type 206 submarines worth $500m from West Germany. The Spruance contract had been thought to have been cut to two ships and the West German contract cancelled completely.

Meanwhile fighting continued for the third day running in the Turkoman town of Gonbad-e-Kabus in north-east Iran yesterday despite official claims that a ceasefire was agreed on Tuesday night. Reports from the Turkomans, an important ethnic minority in the country, claim that the death toll in clashes *with supporters of Ayatollah* Khomeini and the central Government had reached 40.

Japan acts to dampen price rises

BY RICHARD C. HANSON IN TOKYO

JAPANESE MONETARY authorities *have* stepped up a cautious campaign to head off large price increases this year, an effort which will be seriously jeopardised by the OPEC decision to raise oil prices.

On Tuesday, just before OPEC announced its decision to raise the base price of its oil and allow free choice on additional surcharges by member *states, the Bank of Japan* informed the 13 major commercial banks that the ceiling on new loans from April to June will be 10.1 per cent lower than a year ago. The banks had wanted an increase of about 10 per cent.

This will mean that the annual rate of increase in the *outstanding balance of commer*cial loans will decline to about 8.2 per cent by the end of June from the estimated 8.6 per cent at the end of this month. Last year loans were rising at 9.5 per cent and 9.4 per cent respectively in the first and second quarters.

The impact of this action is almost entirely psychological and amounts to an official warn*ing to the business community* not to step up spending in anticipation of higher inflation later.

The private sector, however, can choose to ignore this warning simply because most businesses are highly liquid. Funding of private fixed capital spending in the fiscal year from *April 1, for example, will be* nearly three-quarters from internal company resources.

The Bank of Japan announcement to the banks thus will have little actual deflationary effect but could put a chill on business thinking. The official government view is still to push the economy toward higher growth rates in line with the forecast for 6.3 per cent growth *next year.*

The contradiction between the Bank of Japan's intentions and official government policy will probably not be resolved until after the June 28-29 summit meeting of major industrial nations to be held in Tokyo.

Dubai, Abu Dhabi rift grows

By Kathleen Bishtawi

RELATIONS between Dubai and Abu Dhabi took a further downward turn yesterday with the rejection by Dubai of the 10-point memorandum submitted to the Supreme Council of seven rulers by the UAE National Assembly.

The demands were considered presumptuous by Dubai and Ras al Khaimah, both of which interpreted them as a start to the erosion of the powers of ruling sheiks.

The two Emirates stayed away from a Supreme Council meeting yesterday, saying that they felt too much pressure was being applied on them by Abu Dhabi.

In reply, Dubai called for mediation from friendly Gulf states. The task may fall on Qatar or Kuwait, observers believe.

Power struggle in Kabul

BY DAVID HOUSEGO

FRESH SIGNS of a power struggle within the pro-Communist leadership in Afghanistan have emerged with the announcement yesterday in Kabul that Mr. Hafizullah Amin, the Foreign Minister, is to become Prime Minister.

Mr. Nur Mohammed Taraki, the former Prime Minister, is to retain what seems the largely honorific title of President of the country. The changeover comes at a time when the regime seems increasingly threatened by insurgency movements in the provinces and unrest in Kabul.

Mr. Amin, for some time the most powerful figure in the government, was the main advocate of the Treaty of Friendship with Russia signed in December. The Russians are, however, believed to have been embarrassed by his openly pro-Soviet views as undermining the independence of the regime and thus diminishing its popularity in the eyes of Afghans.

In this sense they may not welcome what appears to have been the removal of President Taraki from the key executive post by his main rival. The Russians will now have to deal with Mr. Amin alone whereas in the past his forceful views have been partially offset by the influence of Mr. Taraki.

Though the change in one sense means a further gain in Russian influence in Afghanistan, in another sense it means that the Russians find themselves increasingly committed to an unpopular narrowly based regime in Afghanistan.

Mr. Tarakis' removal could not have taken place without the active support of the small band of Khalq party supporters in the armed forces who brought him to power in April last year and who are now the mainstay of the regime. It is among this group that Mr. Amin's influence is strongest.

Brazilian strikers go back to work

By Rik Turner in Sao Paulo

THE STRIKE by 200,000 metal-workers in Sao Paulo's Santo Andre, Sao Bernardo and Sao Caetano (ABC) industrial district ended yesterday, after Sr. Luis Inacio da Silva (known as Lula), the union leader deposed by the Government on *March 23, had* negotiated an interim agreement which put a 45-day limit on the Government takeover of the union leadership.

Since the Government intervention last Friday, the metal-workers have shown they are determined to continue their strike, particularly since Lula took control of the strike again on Sunday.

Large sections of the public, locally and nationally, as well as other unions and members of the official Opposition party, the Brazilian Democratic Movement (MDB), had rallied to the strikers, and the Government must be questioning its own wisdom in taking such an authoritarian line so soon after *taking office.*

The "Brazilian miracle" of 1968 to 1974, with its rapid industrialisation and booming exports, was made possible only by rigid control of wages and the exclusion of labour from decision-making.

While GDP has increased since 1968 at a rate of 10 per cent a year, and productivity has grown by 5 per cent a year, the real value of earnings has fallen to such an extent that this year the metalworkers were claiming 34 per cent increases above the official rise calculated by the Government; in an effort to keep pace with inflation. This extra 34 per cent was an estimate of the loss in workers' buying power since 1964 made by the Interunion Department of Socio-Economic Statistics and Studies (DIEESE). A worker earning the official minimum wage had to work 87 hours a week to buy the official basic diet in December, 1965. In March, 1977, this figure had risen to 167 hours. In 1972, 52 per cent of the working population received the minimum wage, and estimates are that, if present trends continue, the figure could be over 60 per cent by 1980.

Wage control was made possible in 1965, when a system was set up whereby the Government decided wage rises once a year, on the basis of a formula which has never publicly been revealed.

This year's strike was important because it was not declared just to back up claims for higher wages, but also to press demands for changes in union organisations. The union's demand was that union delegates, each representing 500 workers, should be appointed to improve representation and strengthen the union movement inside the big car factories of the ABC.

A strike at Southern Peru Copper Corporation's Cuajone and Toquepala mines, Peru's biggest, entered its third week yesterday. Nicholas Asheshov writes from Lima. The Government has issued a communique saying the strike is evidently "political," and that it "threatens the transference of power" to a civilian government.

Bergsten opposes critics of World Bank policies

BY STEWART FLEMING IN NEW YORK

MR. FRED BERGSTEN, Assistant Secretary of the U.S. Treasury, has come to the defence of the World Bank after Congressional criticisms that the international lending agency is excessively generous with its staff and deficient in public accountability.

The World Bank is seeking a $40bn increase in its capital by the early 1980s. A substantial proportion of this amount would be paid by the 132 countries which are shareholders in the institution.

Mr. Eugene Rotberg, vice-president and treasurer of the World Bank, earlier this week expressed confidence that the increase in capital would be approved.

The World Bank has, however, come under criticism from the House Foreign Operations Subcommittee, headed by Mr. Clarence Long, a persistent critic of the foreign lending institutions.

The committee published a report critical of the aid which the U.S. gives to agencies which, the study claimed, waste millions of dollars.

Mr. Bergsten, in testimony before the subcommittee, characterised the bank and its lending agencies as "the most efficient and cost-effective agencies for economic and social progress in the developing world."

The attack on the bank has clearly angered and worried officials. Mr. Rotberg, questioned about the Congressional report, described it as "mediocre," saying that Congress would not be impressed by the document, and questioning the sub-committee's motivation.

Commenting at a press briefing in New York on the Bank's activities, he emphasised the bank's improving profitability and the efficiency with which it is raising funds around the world through bond issues.

He estimated that profits for the 1979 fiscal year, ending in June, would rise to between $350m and $400m, compared with 1978's $238m. He predicted that, in the next financial year, the institution would raise about $5bn of funds which could be lent, and said the World Bank had never suffered a loss on any of its loans.

Quebec extends tax exemptions

BY ROBERT GIBBENS IN MONTREAL

RETAIL sales tax exemption on textiles, clothing and shoes *was extended indefinitely in the* third budget of M. Jacques Parizeau, the Quebec Finance Minister. But the furniture industry—another of the so-called soft industries of the province—will be hit from Monday by reimposition of the 8 per cent sales tax.

M. Parizeau budgeted for a deficit of $1.45bn (£604m), about the same as the actual deficit in the year just ending. Spending will be up 11.7 per cent, largely because of inflation in the cost of social services and heavy pay demands by public-sector workers. He moved to ease the impact slightly of income-tax on people earning $30,000 (£12,500) and above and improved the tax position of salesmen and professionals using their own cars at work—two contentious areas.

Government jobs are to be pared by 2.5 per cent in the coming year. Minor concessions for all taxpayers, including working mothers, will tend to bring Quebec's general taxation level nearer to Ontario's. After the 1978 budget, Quebec became one of the two highest-taxed provinces.

Bank of China and Japan near loan pact

TOKYO — A Japanese banking syndicate and the Bank of China may reach agreement shortly in Peking on terms of a $2bn loan and a $6bn short-term refinance facility.

They may now agree on a 4½ year loan at LIBOR plus 0.5 per cent and a six-month refinance *facility at LIBOR plus 0.25* per cent, the sources said.

The syndicate previously proposed a rate of LIBOR plus 0.625 per cent for a five-year loan and LIBOR plus 0.375 per cent for the refinance facility.

If agreement is reached, the Japanese delegation will take it back to Japan for approval by the syndicate members and the Japanese government, after which *its signing would take* place in Tokyo or Peking.

A total of 22 Japanese banks are participating in the loan and 31 banks in the refinance facility.

But it is not yet 100 per cent certain that the terms now being discussed in Peking would be approved by the finance ministry, which, fearing foreign criticism if the loan *rates are too low*, has been closely following the negotiations.

U.S. INFLATION

Profits under the microscope

BY STEWART FLEMING IN NEW YORK

WHEN the Carter Administration launched its "voluntary" anti-inflation programme in October last year, it was difficult to find one leader of a major American corporation prepared publicly to attack the proposals.

In private there was profound scepticism about the plan having a measurable impact in curbing inflation as quickly as the public expected.

But the main thing was to avoid being saddled with any blame for the anticipated failure of the guidelines. Business leaders decided that there was nothing to be gained from fighting the programme, and much to be gained from offering qualified support.

The announcement last week that corporate profits by the end of 1978 were running at an annual rate of between 16 and 26 per cent higher than in 1977 is threatening this strategy, and could embroil companies in futile, but potentially damaging arguments about their role in fuelling inflation.

In the wake of the profits announcement, Mr. Alfred Kahn, President Carter's chief inflation fighter, warned that profit increases on this scale only made it harder for the Administration to persuade organised labour to keep wage demands within the 7 per cent limit. But he has been careful to point out that profitability is necessary to stimulate capital investment.

President Carter's senior political adviser, Mr. Hamilton Jordan, was rather less subtle, stating baldly: "We think profits are unnecessarily high" and warning that the Administration was planning "to take steps to deal with this."

Mr. George Meaney, president of the AFL-CIO, organised labour's umbrella group, was even more blunt, accusing companies of "price gouging."

Business leaders admit to being profoundly disturbed by this rhetoric. The U.S. Chamber of Commerce said that "profits data cannot be used as a scapegoat for bad Government policies that are causing inflation."

The most powerful business lobby, the Business Round Table, has also weighed in with a report, circulated to Congress, the Administration and the Press, prepared by economists at General Electric.

This argues that the surge in profits in the fourth quarter of last year was "not due to prices, which rose at about the same rate (6.9 per cent) in the fourth quarter as they did in the year as a whole. The real cause was the increased volume of business," the brief says.

The spectacular real growth rate at a time when business was operating close to capacity and unit costs falling rapidly as output increased, made a profits boom almost inevitable.

There were some special factors at work too. The steel industry saw its profits more than double last year, along with the airlines, in spite of price cutting. Banking profits increased by over a fifth and on-ferrous metals profits by over one third.

The profits issue will not disappear immediately and the Business Round Table is likely to have to keep pounding away with its claims that because of inventory profits and under-depreciation, "real" profits are much less buoyant than they appear.

Corporate profits are highly sensitive to trends in gross national product, and so far there is no sign of a sharp slowdown in output. Economists are forecasting real growth in the first quarter of 2 to 4 per cent, in which case first quarter profits are going to look buoyant too, especially in comparison with 1978's depressed first quarter.

The oil industry is already worried that it could be heading for another bout of oil company phobia as motorists measure corporate profits (including windfall gains) against petrol price increases and warnings of shortages.

But it is more than public opprobrium that worries the corporations. Already the Administration is making it clear that it is concerned about apparent weaknesses in the effectiveness of the price guidelines, particularly as they apply to medium and smaller-sized companies.

It has taken some largely symbolic steps, like bringing banks within the guidelines, and some practical like permitting only quarterly increases in prices instead of bigger six monthly rises to block some of the holes.

A possibly ominous element in the banking decision was to offer a dividend limitation option for banks which could not meet other tests.

Industry naturally fears further steps with mounting speculation that credit controls or mandatory price and wage controls could emerge.

President Carter has consistently declared himself firmly opposed to a mandatory programme. But a public perception that business is not playing fair and is profiting too much from inflation makes it all the easier for Washington to argue that toucher measures are needed.

FO downgrades Nicaragua

By David Tonge

BRITAIN is downgrading its diplomatic relations with Nicaragua in protest at what it calls "gross and widespread violation of human rights" by the Somoza regime. The Foreign Office does not have an embassy in Managua, but deals through the embassy in Costa Rica.

The new British ambassador to Costa Rica, Mr. J. Michael Brown, will not be accredited to Managua. Britain's non-resident ambassador will be replaced by a non-resident charge d'affaires. Nicaragua has not had an ambassador in London since 1975.

Yemen war stalemate as Iraq neutralises Soviet moves

BY MICHAEL TINGAY, RECENTLY IN SANAA

THE Yemen Arab Republic, a mountainous, thickly populated country in the south west corner of Arabia, is where the U.S. has decided to face what it sees as Soviet-backed agression in the Middle East. After war broke out last month with Marxist South Yemen (The Peoples Democratic Republic of Yemen) the U.S. rushed arms into the YAR and has started a programme to strengthen its armed forces.

Those forces, the most important prop of President Ali Abdullah Saleh's regime, were unable to meet either the military or the political challenge of the war on the southern border. Had it not been for threats from Iraq (acting with the consent of Saudi Arabia and under the umbrella of the Arab League) forces of the opposition National Democratic Front, backed by regular PDRY troops with Cuban and Soviet support, would have cut off the southern part of the YAR and, very likely, brought down the regime.

Yesterday the presidents of the two Yemens met in Kuwait in an attempt to reconcile their differences.

Arcane Yemeni politics would be of academic interest to the West but for the proximity of Saudi Arabian oil supplies. Aden's aggressive initiative and Washington's measured response underline the dangers of pursuing a strategic East-West struggle on Yemeni terrain. Sanaa is already furious with the U.S. for the publicity given to the $370m arms package for the YAR, and Saudi Arabia is embarrassed at its dependence on an ally of whose Middle East policies it cannot approve.

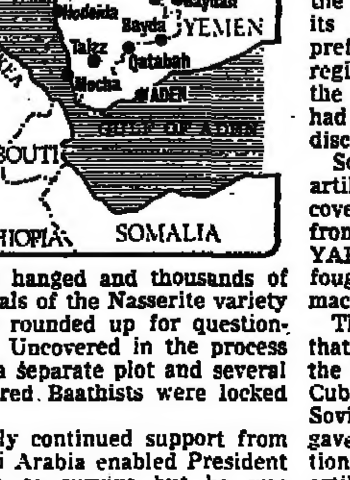
The Republic in North Yemen, the outcome of a civil war in the 1960s with no clear victor even though it saw an end to the old royal dynasty, is not a State in the normal sense with sovereign territory confined by national borders and governed by a central authority. Alliances in what remains a very tribal society are always opportunistic and often transient. The only consistent fact about them is their impermanence. Government is a fragile weave of internal and external "understandings." The armed forces and political parties are the tools of tribal and indivdual interests.

President Saleh's problems are inherited as well as of his own making. When he became President in August 1978, his predecessor, President Ghashmi, who was blown up by a bomb carried by an envoy from Aden, had already alienated two key army figures, Lt-Col. Abdullah Abdel Aalem, head of the paratroops, and Mujahed al Qoholi, a senior commander.

The former had been demoted after the dissolution of the Revolutionary Command Council of which he had been a member. The latter is a member of the Bakil tribal confederation and mutinied against orders by interfering in tribal matters. Instability in the Yar is often simplistically analysed in terms of conflict between the dominant Shi'ite northern tribes, and the tribes who belong to the Zaidi sect, southern traders and farmers of the Shafei persuasion, an orthodox Sunny sect. But these two defectors who now lead the NDF, are a Zaidi tribesman and a southern Shafei populist.

To add to his complications, President Saleh angered Abdullah al Ahmar, paramount chief of the Hashid tribal confederation. Saleh is beholden to Sheikh Ahmar in the tribal scheme of things, but passed him over when filling the key post of chairman of the consultative assembly. Al Ahmar responded by returning Saana and the north to its customary status as a "no-go zone" for troops and government officials from Saana.

The domestic scene in which February's NDF and South Yemeni attacks were launched was aggravated by foreign interference. In October, 1978, Libya gave $2m to an abortive coup attempt by Bakil officers and Shafei politicians. A dozen



were hanged and thousands of radicals of the Nasserite variety were rounded up for questioning. Uncovered in the process was a separate plot and several hundred Baathists were locked up.

Only continued support from Saudi Arabia enabled President Saleh to survive but he was greatly weakened. The Armed Forces, meanwhile, were debilitated. The first phase, a Saudi financed U.S. arms package, pledged in 1973, was slow to arrive. Aged Soviet tanks and aircraft had not been replaced. The reason for the delay appears to have been Riyadh's apprehensions about the populous North Yemen with its 6m inhabitants and preference for having a weak regime in Sanaa. Meanwhile, the lack of political consensus had badly undermined military discipline.

Soviet BM 21 rockets, heavy artillery and T 54 tanks gave cover for the four-front advance from the south on February 19. YAR defenders had never fought such a modern military machine.

There is no positive evidence that non-Arab troops crossed the border but one regiment of Cubans and perhaps 1,200 Soviet advisers in the PDRY gave logistical and communications support and probably artillery back-up. Feeling impotent, Saudi Arabia turned to Iraq with which it had concluded a loose security agreement in January in response to the common threat in Iran.

It was these factors that stopped the fighting. The massive airlift from Saudi Arabia and help from the U.S. with ammunition and light arms was not important.

The West's great problem is that U.S. support by way of weapons supplies can be a liability politically and ineffective militarily. In Taiz, a senior army commander complained "F5's are inferior to the Russian MiGs in the south but the PDRY will still shout about escalation and American imperialism." It would take one to two years to rebuild the army structure before the YAR could plausibly pretend to defend itself, anyway.

After the military crisis Sanaa faces the political reckoning. The auction for political alliances is now on. External and internal prices are being arranged in the best Yemeni tradition. Internally the Baathists and Bakil tribes seem to be in a strong position. At the same time the Hashid confederation will always be vital to any Government. Externally Saudi Arabia remains the prime influence. Riyadh continues to supply funds to the Government and to the tribes separately.

Saudi Arabia may have to accept Iraq—one of the biggest aid donors to the YAR—as a permanent ally in the region against Aden, a hard but necessary dependency for the House of Saud to accept. Baathism has alwys been feared intensely by the regime in Riyadh but there is a common enemy. Baghdad has never forgiven Aden for crushing the South Yemeni Baath Party meanwhile Iraq is now active on the alert against the Soviet Union following the discovery of the 1977 communist plot in the penetration in the Iraqi army and Moscow-inspired coup in Afghanistan. As one Yemeni in Sanaa put it "Baathism has roots here and Riyadh has no choice but to accept it now."

Oslo confirms full support for shipping industry

BY IAN HARGREAVES

HE NORWEGIAN Guarantee ıstitute for ships and oil rigs ; renegotiating the terms of everal agreements with banks nd shipowners, but this does ot indicate an unwillingness to ıe Norwegian Government to ontinue supporting its shipping ıdustry.

This assurance was given in ondon yesterday by Mr. Hallard Bakke, the Norwegian rade and Shipping Minister, ho said the results of each enegotiation would depend up- ı the willingness of all parties ı make comprises about their egree of financial exposure.

Where such compromises ere not forthcoming, the instiıte, which was set up by the overnment in conjunction with ıe industry in 1975, had the ght to withdraw and take the necessary financial losses. So far such losses totalled less than £0.5m.

The Government's commitment to bolstering its shipowners was placed in doubt last year during the renegotiation of one of the institute's largest guarantees for the troubled Reksten tanker group, for which Hambros Bank of London is a major creditor.

Mr. Bakke said that the Norwegian Parliament's recent acceptance of an extension to the guarantee system, whereby financially secure shipowners can buy secondhand ships with a 30 per cent Government-backed credit, was evidence of long-term commitment.

The Government has earmarked £30m of the £100m still remaining in the institute's funds to support this scheme, which has not so far been taken up by any owner.

Mr. Bakke, whose left-wing politics have made him a subject of deep suspicion among Norwegian shipowners, said the Government remained absolutely committed to the shipping industry, which provided 6 per cent of the country's gross national product even in a depressed year like 1978.

He made it clear, however, that the Government will continue to resist demands from Norwegian owners for greater freedom in transferring ships to cheaper foreign flags.

The Government wanted Norwegian companies to be simple in structure and clearly based in Norway in order to strengthen national control.

Hovercraft outlook 'glittering'

BY LYNTON McLAIN

HE GREATEST demand for overcraft in the 1980s is xpected to come from developıg nations, Mr. Roy McLeavy, ıe editor of Jane's Surface kimmers, says in a foreword the latest edition published day.

Hovercraft are likely to be ;ed in Africa, Central and outh America, on Pacific lands and in China. These ew markets offered "glittering rospects" for the industry, ith equipment used as nphibious trucks, freighters, ght transports, barges, excavaır and drill platforms, rice arvesters, cattle wagons and obile hospitals.

Mr. McLeavy says that the w level of skill needed to uild hovercraft make them ıited for local construction. his could provide work with d from international funding rogrammes.

The experience of British overcraft manufacturers is still unmatched in the world, but the drive to sell the technology to Third World nations "will stir up stiff competition." The U.S., Canada, France, Japan, China and the Soviet Union have designed and built their own craft aimed at developing nations.

But the British Government is still "indifferent to the hovercraft." Mr. McLeavy says this is the result of the failure of a number sceptics in "key Ministerial positions" to recognise the hovercraft as a high dividend investment instead of an area of Government spending.

Member nations of the North Atlantic Treaty Organisation in Europe have a greater need than ever for versatile amphibious vehicles, he says. Existing craft are either obsolete or inadequate. But the Ministry of Defence had failed to encourage new designs.

Meanwhile the Soviet Union has developed hovercraft for amphibious military roles, in a move which "adds considerably to the mobility, flexibility and strike power of the Warsaw Pact forces in the Baltic."

The Soviet Navy unveiled last year the Ivan Rogov, its largest amphibious landing ship, designed to carry three Gus assault hovercraft. The Gus can land a fully-armed platoon on a beach at 60 miles an hour.

The Soviet Aist, the only other military hovercraft in the world now in large-scale production, carries main battle tanks over seas, bogs and rivers. The British Government, on the other hand, has no policy on military hovercraft development, Mr. McLeavy says.

Indian exports improve

By K. K. Sharma in New Delhi

INDIA HAS reversed a trend of falling exports, according to the Commerce Ministry which reports that exports for the 10-month period April 1978-January 1979 rose by about 2 per cent over the same period the previous year.

Provisional figures put exports for the period at 44.16bn rupees (£2.2bn). This compares with 53.74bn rupees for the whole of 1977-78, which represented a rise of 4.4 per cent over the previous year.

Until December, exports were running at about 1 per cent below the previous year, due mainly to fluctuations in rupee-dollar exchange rate, the fall in world commodity prices and the Government's policy of limiting exports of goods in short supply in India.

The improved performance —although below the target rate of 7 per cent—is mainly due to higher exports of engineering goods, gems and jewellery and leather products.

But, imports are about 23 per cent higher than in 1977-78 and, the trade deficit at the current year is estimated at well over 10bn rupees. This is not causing alarm since foreign exchange reserves currently stand at around the £3.4bn level and are able to cope with the trade gap.

● A 27-member delegation of Western European businessmen has completed a tour of India during which it met officials from some 300 Indian electronics concerns to examine the possibility of setting up joint ventures.

GATT TALKS

Inching towards agreement

BY BRIJ KHINDARIA IN GENEVA

A TOKYO ROUND package which will have an important influence on world trade has begun to take shape as intensive negotiations continue in Geneva with the aim of reaching final agreement by mid-April.

Some important points of difference remain among the industrialised countries as well as between these countries and the developing nations, making it unlikely that the details will be concluded before the end of this year.

However, participants in the negotiations think that the substantive accords needed to begin the process of approval by the U.S. Congress and by the European Community's member governments will be completed in the coming weeks.

Reactions to the package as outlined so far range from the cautious optimism of industrialised countries—who say that the world's trading system will be vastly improved if the package can be made to work—to the pessimism of several developing countries who feel that they have failed to win big enough steps towards a new international economic order better geared to their needs.

The pessimism of developing countries now derives largely from their belief that they may not be able to stem the tide of trade protectionism in industrialised countries arising from unemployment pressures due to energy supply problems.

The optimism of developed countries comes from the hope that greater transparency in the system of international trade and closer consultation will help build a fairer balance of interests, allowing poorer nations to export without crippling already ailing industrial sectors, such as textiles, shoes and steel, in the developed countries, while ensuring steady supplies of primary raw materials.

The main new features of the Tokyo Round are highlighted by a series of codes of conduct concerning the use of non-tariff barriers to trade, including resort to export subsidies and compensatory import duties.

MR. WILHELM Haferkamp, the vice-president of the EEC, has expressed concern over the need for immediate and visible action by Japan on lowering barriers to imports from the EEC, Richard C. Hanson writes from Tokyo.

In three days of talks in Tokyo with Japanese leaders, Mr. Haferkamp did not win any such concessions.

For example, the code on technical barriers to trade is designed to prevent the creation of unnecessary obstacles such as standards and quality norms that would hinder imports. It would encourage the use of international standards and offer developing nations the possibility of obtaining exemptions from its provisions.

The Government procurement code is aimed particularly at eliminating discrimination between domestic and foreign suppliers by government or other public purchasing entities. It would also require more transparency of laws, regulations and procedures concerning government-financed purchases.

The customs valution code is designed to obtain a "fair, uniform and neutral system for the valuation of goods for customs purposes that precludes the use of arbitrary or fictitious customs values."

The aims of the agreement on import licencing procedures are to simplify such procedures and to make them more open so that they do not act as barriers for foreign exporters.

A major code on the use of safeguard measures to protect home industries against disruption from cheaper imports, mainly from developing countries, is still bogged down in dispute, and some uncertainty remains about its immediate inclusion in the package.

A separate set of agreements will lay down the industrial tariff cuts to be offered to one another by the Tokyo Round participants in step-by-step reductions over an eight-year period.

Agricultural trade has been treated as a separate sector on insistence of the Common Market and includes accords on a framework for future co-operation as well as on cereals, dairy products and beef.

Trade in agricultural products would also be affected by the codes on subsidies and countervailing duties, technical barriers to trade, and safeguards.

The entire Tokyo Round trade package will be brought together in a final act yet to be drafted. This will probably state the Round's overall objectives and commit signatory nations to examine and, if they wish, adhere to the various separate agreements concerning industrial tariff cuts and non-tariff barriers to trade and agricultural trade.

This final act, which would declare the signatory governments' willingness to join a new General Agreement on Tariffs and Trade (GATT), should be ready for signature by mid-April, and would govern international trade relations for the next 10 to 15 years. But negotiations on the actual articles of the individual accords and codes are likely to continue well into this year.

The final ratification procedure by participating governments is expected to begin only after it becomes clear that the package is likely to be approved by the U.S. Congress and Common Market governments. Under the most optimistic scenario the new GATT would come into force in 1980.

U.S.-China accord on oil search

BY KEVIN DONE, ENERGY CORRESPONDENT

ATLANTIC RICHFIELD, Arco the U.S. oil company, has signed an agreement with China to carry out a preliminary exploration programme for oil and gas on the Chinese Continental Shelf.

Arco is the second western oil company to be granted rights to carry out a seismic survey of part of China's offshore oil prospects. Last month British Petroleum signed a preliminary agreement to begin offshore exploration in the south of the Yellow Sea.

Arco has released no details of the agreement.

It has been joined in the venture by Santa Fe International, the U.S. drilling company. The agreement was signed for China by Mr. Chang Wen-Pin.

Soviet energy boost

BY DAVID SATTER IN MOSCOW

HE SOVIET UNION last year ıarply cut its trade deficit with 'est Germany, its principal 'estern trading partner, as oviet exports rose almost 20 per ent on the strength of increased deliveries of oil products ıd natural gas.

Figures released by the West erman embassy show that West erman imports from the Soviet nion in 1978 had a value of M 5.4bn (£1.4bn) a 19 per cent ıcrease over the value of Soviet cports in 1977 which was M 4.5 bn.

The increase was almost holly accounted for by the 37 er cent rise in the value of oviet deliveries of fuel oil, ıbricating oil and natural gas.

At the same time, the value of 'est German exports to the Soviet Union fell 2.3 per cent to DM 6.3bn in 1978 from DM 6.45bn in 1977. This was the second year in a row that West German exports to the Soviet Union showed a slight decline.

Businessmen in West Germany foresee little improvement this year in exports to the Soviet Union of such large items as machinery and industrial equipment because of a lack of large orders last year.

Soviet deliveries of raw materials, however, should increase. The Soviets delivered some 6bn cubic metres of natural gas to West Germany in 1978, and this is expected to increase to 7bn cubic metres this year and to between 9.5bn and 10bn cubic metres in 1980.

Andes Pact engine deal

BY KIM FUAD IN CARACAS

HE RIVALRY between Ford nd Renault for the manufacıre of a six-cylinder engine in enezuela and Bolivia under the ndes Pact automotive proramme is ticking away again, ith a final decision expected in bout 90 days, according Venezuelan Development linistry officials.

The two companies simulıneously presented new tenders his week in Caracas and La Paz manufacture 160,000 engines early—105,000 in Venezuela ıd the rest in Bolivia. It was ıe second round of bidding nce last year when General otors was assigned the first of vo six-cylinder engines called r in the regional pact which so includes Colombia, Ecuador ıd Peru.

The bidding became controersial last July when Venezuela ınounced that General Motors ıd Renault had won the two erths, but then reversed the ecision. Finally, in October, GM as awarded the first engine ıd a new round of bidding pened for the second.

In February, Venezuela and Bolivia issued stringent new requirements for the second round of bidding. These included demands that the winner export 60,000 units outside the five-nation economic bloc and provide technology free of charge as well as other advantages. Many of the demands reflected incentives that General Motors had included in its successful bid for the first engine.

Industry observers say that Renault holds an advantage over Ford in the bidding since it has an all-aluminium engine which has performed successfully in European markets since 1975. Ford's engine is still on the drawing boards, and, while it appears to be more versatile than Renault's, it will not enter the market until 1981.

Ford, however, has strong leverage because of its size as the major automobile maker in Venezuela with around 40 per cent of the over 182,000 units produced here last year. Moreover, many Venezuelan technicians view U.S. technology as better suited to local requirements.

UK clothing sales drive

BY MAURICE SAMUELSON

RITAIN'S CLOTHING indusry earned £725m in exports last ear and is confident of achievıg £1bn by the end of 1980, Ir. Hans Jacoby, chairman of ıe Clothing Export Council, aid yesterday.

Speaking on the eve of next eek's London fashion week, he aid the industry was "alive nd kicking."

If the UK economy permitted, ıanufacturers would have a ullish future for the next 10 ears, with clothing exports eaching 20-25 per cent of lomestic production, or 6-10 per ent over the present export atio.

To achieve these targets, they vould have to achieve deeper enetration not only of the EEC nd EFTA markets, but also of he U.S., Japan and third world ountries, especially in Latin America.

Mr. Jacoby based his confilence on various factors, including the popularity of British textiles and designs, the level of the pound, and competitive wages and prices.

In addition, whatever the faults of the Multi Fibre Agreement regulating the international textile market, it had given the UK industry protection at home against unfair competition, enabling it to plan and invest more confidently.

Boeing 757 go-ahead

Full production will now start on the new Boeing 757 aircraft, the Seattle aircraft manufacturer announced following Eastern Airlines' formal signing of a contract last week to buy 21 of the jets, David Buchan writes. The 757 will be powered by Rolls Royce engines, which are an advanced version of the RB-211 engines already used on the Lockheed L-1011 aircraft.

RTZ may join in Wheal Jane rescue

BY PAUL CHEESERIGHT

RIO TINTO-ZINC, the biggest London mining house, is considering participation in Mr. Robert L. Sprinkel's scheme to rescue the failed Wheal Jane tin mine, near Truro in Cornwall.

Mr. Sprinkel's company, Carnon Tin Consolidated, has been trying to put together a deal to bring Wheal Jane back to production since last October. The mine, owned by Consolidated Gold Fields, stopped operating last May with the loss of more than 400 jobs.

RTZ had been having talks with Mr. Sprinkel, but no conclusion had been reached, the company said yesterday.

Mr. Sprinkel has come under some pressure from the Industry Department to advance his plans for private sector involvement in the Wheal Jane rescue plans. "We have been pressing the parties to come to a conclusion," the department said.

Mr. Sprinkel said: "Because of the Government's requirement to get a statement of our position by the end of the week, we are hopeful that the present discussions with RTZ can be realised in at least the form of an agreement in principle by Friday."

Mr. Sprinkel, whose background is in investment banking, is an American entrepreneur who now lives in Derbyshire. Last year he was approached by mining executives concerned about the likely demise of Wheal Jane to see whether he would be interested in re-opening the mine.

The technical advice he received led him to think that Gold Fields had failed to make the mine profitable because it used the wrong management techniques. This conclusion led him to establish Carnon Tin as the vehicle for a rescue attempt, a move welcomed by the Government because other companies, which had previously shown interest, had fallen by the wayside.

The Government has not imposed any deadline for the conclusion of Mr. Spinkel's discussions with RTZ, but it has become increasingly concerned about the costs of pumping at the mine which it has been paying for on a month-by-month basis.

Wheal Jane and an adjacent closed mine would flood without the pumping, which so far has cost the Government more than £800,000. Although the Government would not cut off the pumping at a moment's notice, it does not want to go on paying indefinitely.

It is clear that the Government is prepared to support a rescue of Wheal Jane, even up to meeting half the costs of Mr. Sprinkel's £8m plan. But it has been anxious, at least since the beginning of the year, to see that Mr. Sprinkel's untried management team has the financial and technical backing of established mining houses.

Since January, Mr. Sprinkel has talked with several mining houses and last month agreed in principle with Engelhard Minerals and Chemicals of New York for a loan of £1m. What will happen to this agreement should RTZ translate its present interest into public commitment is not clear.

The history of RTZ suggests that it would not be content to be a sleeping partner in any Wheal Jane venture and that a future involvement would be accompanied by a searching and cautious appraisal of the tin resources at the mine.

This, in turn, would tend to rule out a rapid underground development programme and a quick return to production by the end of the year, as Mr. Sprinkel had once intended.

RTZ does have a specific interest in seeing production resume at Wheal Jane. For the mine could supply feedstock for its Capper Pass smelter on Humberside, which has for years been treating Cornish tin mines' output.

The possibility of RTZ involvement gives Mr. Sprinkel his best chance yet for putting together a rescue deal, because it could act as a catalyst for further private sector support and trigger the Government's readiness to provide aid or loans.

Rodgers rules out 700-mile rail cuts on network

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

MR. WILLIAM RODGERS, the Transport Secretary, yesterday ruled out the possibility of cutting 700 miles from the railway network, gave a rebuff to the idea of a September fares increase and told British Rail it *could spend £56m on* London commuter trains.

It was a package designed to defuse hostile questions from pro-rail MPs, who were responding to the disclosure this week that British Rail has asked the Minister to look at plans to swap trains for buses on various non Inter-City routes.

Mr. Rodgers said there was no question of British Rail being allowed to proceed with "a mini Beeching" and Mr. Norman Fowler, Shadow Transport spokesman, agreed there was no justification for another round of big cuts.

Mr. Rodgers said he had received no proposals on fares from British Rail for a September increase, which preliminary BR figures are putting at between 7.5 and 12.5 per cent. Such proposals would not, in fact, be made until June and they would be sent to the Price Commission rather than to Mr. Rodgers.

But by resisting the railways board's demand for higher fares and, in the longer term, the opportunity to cut out loss-making services, the Government is opening itself to a renewed spate of BR demands for higher investment levels and revenue support.

Mr. Rodger's approval for BR to spend £56m on 358 electric multiple units for Southern Region's inner suburban services completes the five-year programme for replacement of this type of train.

They will go into service on south-west London services; replacing stock more than 30 years old.

The trains, some of which are already in use on north London services out of Kings Cross, have automatic sliding doors and are designed for the possibility of one-man operation.

Mr. Rodgers said the five-year programme of building 220 units a year up to 1984 guaranteed British Rail's York engineering works a full order book for that period.

Ellerman chief takes over Thorn Electrical

By John Lloyd

MR. JACK STROWGER, managing director of Thorn Electrical Industries for the past nine years, will retire in August. He will hand over to Mr. Peter Laister, currently managing director of Ellerman Lines, the shipping company.

Mr. Strowger said he was leaving the company "in good shape" for Mr. Laister. Thorn's *pre-tax profits last year* were £91.1m on a turnover of £1.1bn, up from £82.9m in 1977 on a turnover of £992.9m.

Commenting on proposals to link UK electronic companies with Japanese companies—strongly urged in a recent report from the National Economic Development Council—Mr. Strowger said: "We intend to go it alone. We have the technology and it's as good as anything in the world."

Mr. Strowger, 63, joined the company in 1943. He has been chief accountant, financial director and was made managing director in January, 1970. He has been particularly concerned with the Thorn Ericsson division, and he created the various decentralised product groups in the company. He will continue as a board member and as a consultant to the company.

Lloyd's may help Sasse syndicate pay £13m claims

BY JOHN MOORE

LLOYD'S OF LONDON may mount a rare market rescue for the stricken underwriting syndicate formerly managed by Mr. Frederick Sasse which faces losses of £13.6m.

At a 2½-hour meeting yesterday the 16-strong ruling Lloyd's committee considered a number of written and verbal reports from advisers, accountants, and other Lloyd's professionals investigating the affair.

If a rescue plan emerges, the committee would have to put it before the 350 underwriting agents. Such help would only be given as a last resort. Under the rules of Lloyd's, all members are liable to the full extent of their personal wealth.

Already some of the members of the 110-strong syndicate, with average losses of £156,000, are facing bankruptcy.

But Lloyd's may be prepared to offer help because of the unusual market irregularities which occurred in the events leading up to the massive losses.

Mr. Sasse, the underwriter and manager of the syndicate, was 2½ times over his premium limit during 1976, accepting £10m of business against Lloyd's limit for the syndicate of £4m.

Moreover, the syndicate's brokers, Brentall Beard, had not gained Lloyd's approval of a major producer in the U.S. of the fire insurance business for the syndicate, which led to £8m of the losses.

It was also found late last year that the syndicate's accounts had been seriously mis-stated and the City of London Police fraud squad was called in by Lloyd's.

Alfred Herbert sells grinding business after heavy losses

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ALFRED HERBERT, the state-owned machine tool company, announced yesterday that it had sold its loss-making Churchill grinding business at Red Lane, Coventry, to B. Elliott and Co.

Many of the 200 workers at Red Lane would be offered other jobs at Peterborough, but it was not clear how many would be prepared to transfer and how many redundancies there would be, Mr. Walter Lees, managing director of Alfred Herbert, said last night.

The price for the sale had not yet been settled as stock valuations were involved. Manufacture of the Churchill grinding machines at Red Lane had incurred losses of more than £1m over the past three years. A further loss of just under £1m had been expected for the current year to December 31.

The company had suffered from the shortage of orders for big machinery, mainly because of low investment by industries such as steel. Elliot, with its extensive interests in grinding, would be able to absorb the Churchill operation profitably, Mr. Lees said.

By hiving off the grinding business, Alfred Herbert would make itself financially stronger. The profitable work of reconditioning used machine tools at Red Lane would continue.

Alfred Herbert is expected to announce substantial losses shortly for 1978, which saw a continued slimming-down of operations because of weak home demand.

Mr. Lees said the Edgwick site at Coventry, where the labour force has been halved to just under 1,000 in the past three years, was now "beginning to pull round." Edgwick, a large plant with heavy overheads, was identified as the company's principal loss-maker, but orders were now picking up, Mr. Lees said.

French may back British fight against EEC paper concessions

BY JOHN LLOYD

THE GOVERNMENT believes it may get French support in a bid to stop new tariff concessions made by the European Commission to U.S. paper makers The UK paper industry believes the concessions would have a ruinous effect on profits and jobs.

Mr. James Callaghan, the Prime Minister said in the Commons on Tuesday that he thought the industry "had a good case," and that Mr. John Smith, the Trade Secretary, should take it up strongly.

"Our industry is in a good position to resist the U.S. proposal. The Community seems to be ready to give way on this for the sake of other concessions. I hope that we may sustain the position."

The concession, which involves a reduction from 8 per cent to 6 per cent on kraft liner — the cardboard used in the manufacture of boxes, and a major product of the paper industry — was agreed in the past month by the EEC during the final sessions of the Tokyo Round negotiations on the General Agreement on Tariffs and Trade (GATT).

The UK industry believes the concession could mean financial losses of more than £1m a year, coupled with redundancies and mill closures.

The three main parties in the Tokyo Round are the U.S., the EEC and Japan. The U.S. demanded the 2 per cent reduction in kraft and in other paper grades in January, but it had been assumed by the UK Government and industry that the demand would be resisted.

Mr. Smith is said to be furious over the EEC's decision, and will contest it during the Council of Ministers meeting in Brussels on Tuesday.

The indications are that the French Government, under similar pressure from its industry, will support Britain and that other nations may also join in.

The U.S. is by far the largest manufacturer of kraft liner in the world, with a production of 14m tonnes a year. It exports around 1.5m tonnes, three times the total UK production.

In a letter to the Prime *Minister*, Mr. J. H. Adams, director general of the British Paper and Board Industry Federation says that the 2 per cent reduction in tariffs would force UK mills to cut prices, already too low, still further.

"Damage to the case liner industry could directly affect plant with a capacity of 400,000 tonnes, indirectly affect 500,000 tonnes more (i.e., a total of nearly 20 per cent of the UK paper industry) and inflict a body-blow to the viability of the whole waste paper recovery system."

The letter also alleges that the concession has been demanded by Mr. Robert Strauss, the U.S. special trade representative to GATT, for purely political reasons. In a confidential memo to the Commission, Mr. Strauss is claimed to have said that the reduction was "essential for me politically" in his battle to get Congress to agree to the Tokyo Round package.

Other tariff cuts already agreed by the EEC include reduction from 12 per cent to 8 per cent on bleached paper and paperboard; from 13 per cent to 7 per cent on wallpaper; and from 14 per cent to 10 per cent on napkins.

The reduction will be phased in over a number of years, but the federation says that the first reduction, of perhaps half a per cent, might come in next year.

The federation says the importance of these apparently small reductions "lies in the sheer scale of the U.S. paper and board industries, the cost advantages they enjoy through the availability of cheap wood and the damaging marketing policies they have pursued in the major grade exported to the EEC so far, kraft liner."

Mr. Adams, in his letter to Mr. Callaghan, says that "if necessary, we would submit that even a veto to any reductions beyond those previously agreed to, should be considered."

Bank tax case appeal by Revenue

By Michael Lafferty,
Banking Correspondent

THE INLAND REVENUE is to appeal against the recent decision by the general tax commissioners in the Marine Midland Bank tax test case. The outcome of the appeal will affect numerous other banks in the City of London.

The appeal is the latest stage in a saga which has dragged on for a number of years, creating considerable uncertainty in the City's banking community.

The issue is over whether Marine Midland should have to pay Corporation Tax on the sterling gains arising from non-sterling assets financed through foreign currency subordinated loan stock—without any relief for the corresponding sterling losses on the bank borrowings.

Marine Midland won the first round in the case before the City of London General Tax Commissioners early this year. The case will now go to the High Court, and some bankers predict it will eventually end up in the House of Lords.

The London-based consortiums are among the main banks affected by the outcome, since many of them have been financed by dollar subordinated loan stock.

In precise terms, the Inland Revenue has demanded that the general commissioners state a case (a form of appeal) for the opinion of the High Court. This is the procedure under Section 56 (2) of the Taxes Management Act, 1970 where one of the parties to a tax case is dissatisfied with the decision of the commissioners, believing it to be erroneous in a point of law.

Imported coke vital, says British Steel

BY ROY HODSON

THE British Steel Corporation fears that its strategy for competitive steelmaking in the 1980s would be threatened if the Government vetoes plans to import special coking coal. The issue is likely to be raised at a Cabinet meeting today.

Political pressure has been put on the Government by the coal mining lobby to force British Steel to cancel contracts recently signed with Australian coal companies. They involve a total of 500,000 tonnes a year of high quality coking coal, delivered to Teesside. The cost will be about £14m a year.

British Steel claimed last night that it will not be able to operate its new £400m blast furnace complex on Teesside properly unless it is allowed to import the coke.

The 10,000-tonnes-a-day furnace—twice as big as any previously built in Britain—will be lit in July. It will enable British Steel to make cheaper iron and steel than ever before, and the corporation plans to supply a number of its steel-finishing plants, including Corby, from Teesside.

The blast furnace will need a carefully selected blend of coke to withstand the pressures inside.

A joint working party between the National Coal Board and British Steel failed to agree on how the proper blend of coking coal for the furnace should be provided. The Coal Board wanted to sell mixtures of British-mined coals. But British Steel decided it must import to get exactly what is needed.

British Steel has signed two contracts with the Australians. One is for 300,000 tonnes a year of medium volatile coking coal until 1981. The second is for 250,000 tonnes a year for nine years. In each case the price is understood to be under $30 a tonne—£10 a tonne cheaper than Coal Board coal.

British Steel is stressing, however, that its import decision was taken entirely on technical grounds.

A scientific study concluded that the ideal mixture for maximum yield from the new blast-furnace would be 25 per cent British coal and 75 per cent imported. But British Steel has decided to use a somewhat less efficient mixture of 45 per cent British coal and 55 per cent imported.

Capital Radio trading profit leaps to £3.1m

BY ARTHUR SANDLES

CAPITAL RADIO, the London commercial radio station, reports a trading profit of £3.1m for the year to last September on turnover of little more than £8m.

This leap in profits, from £1.77m in the previous year, has led to a doubling of the station's secondary rental to the Independent Broadcasting Authority—intended to cream-off high profits—to £1.2m.

Although Capital is the most profitable of all the local commercial radio stations its figures are probably typical of what was a remarkable year for all stations. Three years ago, there was still talk of some being in financial difficulties — though Capital was not one of them.

In his annual report Sir Richard Attenborough, Capital chairman, says the station has a regular audience of 5m.

During the year, an interim dividend of £250,000 was paid and a final dividend of £250,000 was recommended, leaving a balance of £491,000 for reserves.

● NEWS ANALYSIS—MR BENN'S CO-OPERATIVES

Too many ingredients missing for success

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CLOSURE this week of the Kirkby Manufacturing and Engineering workers' co-operative on Merseyside is the latest in a series of disasters to befall the three co-operatives set up during Mr. Anthony Wedgwood Benn's period as Secretary for Industry.

One of the businesses—the Scottish Daily News—folded within a few months. The third—the Meriden motorcycle co-operative—has suffered constant financial and managerial set backs.

The problems at both KME (as it is now called) and at Meriden have stemmed primarily from the fact that they were both created out of industrial failures. Consequently they have never been able to shake off politically-orientated, anti-capatalist and anti-management attitudes. They have also never had either enough capital or management expertise to pull their product designs and management out of the ruts they were left in by their previous owners.

Infighting

At KME in particular the co-operative's leaders have been loth to take tough decisions, especially about redundancies. In some ways this is not surprising because the two convener directors—Mr. Jack Spriggs and Mr. Dick Jenkins—won their positions on their past ability as shop stewards to save jobs when former owners wanted to sack workers.

In addition, the controversy surrounding Mr. Benn's backing of the co-operatives has meant that the fortunes of KME have been governed more by the results of Labour Party political infighting than by normal commercial criteria.

These political overtones have often hampered KME and helped to scare potential bidders away from getting involved during the past year.

Since it was set up KME has received Government financial aid totalling £5.7m. Of this, £3.9m was handed over four years ago when the co-operative was being formed. But initial payments that had to be met left little to be spent on developing the business, and the co-operative has been short of cash ever since.

It received a £700,000 temporary employment subsidy in 1976-77 and a further £860,000 industrial aid grant in April 1977. Finally it received £200,000 last autumn to tide it over while a major—but ultimately unsuccessful—rescue bid was mounted.

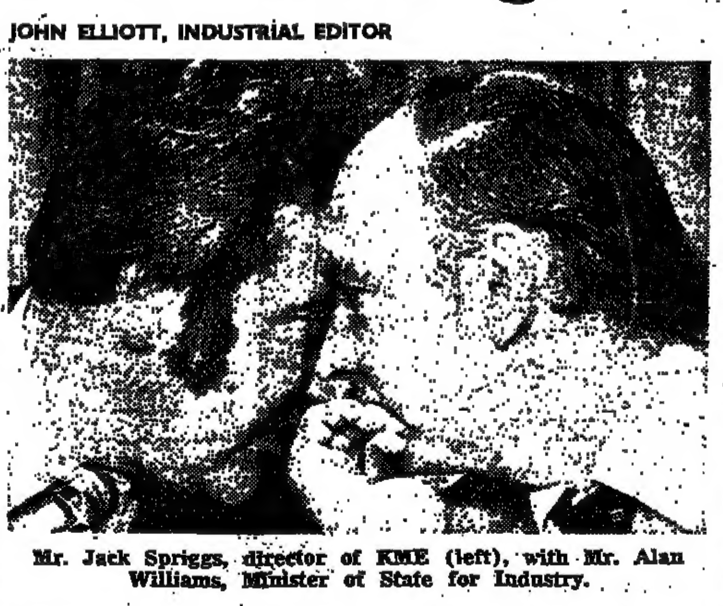
The co-operative has employed 720 workers, which means that about £8,000 has been spent by the Government on saving each man's job since 1974—an extremely high figure compared with an average "cost per job" of £1,200 for the regional aid section of the 1972 Industry Act under which most of the money has been allocated.

It is more in line with a maximum of £6,000 a job now provided by the Government under its scheme to attract white-collar employment into special development areas like Merseyside.

On the other hand, as Mr. Alan Williams, the Minister of State for Industry, responsible for the co-operative has pointed out, the total aid of £5.7m is considerably less than the £9m it might have cost the Government to keep the 720 in unemployment and social security benefits if they had lost their jobs at the end of 1974.

During its life the co-operative has made losses which now total over £4m. Recently they have been running at £16,000 a week. It has outstanding debts (held by the parent company which went into liquidation on Tuesday) totalling about £1.7m. These include £600,000 on overdraft with the National Westminster. A further £600,000 is owed to the British Steel Corporation, which is no longer delivering the steel needed for the co-operative's main business of making central heating radiators.

The Inland Revenue and



Mr. Jack Spriggs, director of KME (left), with Mr. Alan Williams, Minister of State for Industry.

Customs and Excise are together owed about £400,000 and another £100,000 is due in rates to the local council. There is also some rent outstanding to International Property Development, whose former subsidiary, IPD Industrial, was the last conventional owner of the factory before the co-operative was set up.

Matters started to come to a head about a year ago and a report by PA Management Consultants said that £2.9m was needed to put the factory on a firm footing. Subsequent estimates have ranged up to £6m. But the Government refused to provide the money and the co-operative failed to carry out other recommendations, such as the appointment of a chief executive on perhaps £15,000 a year, the introduction of a bonus scheme, and the adoption of improved marketing and production techniques.

It also failed to increase its prices sufficiently. But it did close two specially unprofitable product lines manufacturing fruit juices and night storage heaters, although it then failed to shed the 200 workers who were consequently surplus. Wages for the 200 roughly account for the current loss rate of £16,000 a week.

Alternative owners were then sought in the central heating business. This was because KME's main commercial significance has been that its Toprad central heating radiators have held 10 per cent of the UK market and have helped to stem the tide of imports at a time when demand for radiators has been rising.

This led Stelrad, part of Metal Box, to become involved last summer. It considered taking over the business with Government help and would then have set up a new modern radiator factory near the co-operative's site. But that deal fell through, as did a possible later take-over by Worcester Engineering, a central heating boiler manufacturer which might have received technical help from Stelrad in return for Stelrad taking a 20 per cent stake in its equity.

Since then the Government has turned down a further £6m aid application from the co-operative itself (£2m to clear immediate financial problems and to buy the factory plus £4m for development of the co-operative's outdated production lines), and the Prime Minister said in the Commons last month that the best course for the co-operative would be to go into receivership so that its workers could stay employed while a new owner was found.

But the co-op's leaders rejected this advice and sought other possible owners themselves. These have included Mr. Robert Maxwell, the former Labour MP who owns Pergamon Press. A consortium including Hill Foster, an import and marketing company, and Ferroli, an Italian radiator manufacturer, have been the most recent bidders. But their terms failed on Tuesday to satisfy National Westminster.

Some companies have found the political atmosphere and the style of the workforce led by Mr. Spriggs and Mr. Jenkins difficult to accept, while others have not been able to satisfy the Government — or more recently the bankers and creditors—that they should be backed.

Changes

Others may now shy away because the business has gone into liquidation and because changes in the UK radiator market mean there may be less need for KME's output.

The future of the factory is, therefore, far from clear. Since it has relied solely on Government aid for its existence, KME has never been a true co-operative in the sense of a worker-owned and managed enterprise.

Its workers have each had only a nominal £1 shareholding, and there has been no real worker participation in the management. As a result, KME has been a State-funded, shop steward managed business. So its closure should not be taken as proof that worker co-operatives are doomed to failure. Such ventures exist successfully in other countries and, albeit on a very small scale, in the UK.

But KME does illustrate the problems that co-operatives face in attracting capital and management and in taking the sort of commercial decisions needed to make profits.

Giro seeks clearing house status

By Our Banking Correspondent

NATIONAL GIRO, the Post Office-owned bank, is negotiating to become a member of the Bankers' Clearing House, the UK cheque clearing system, which is effectively controlled by the large London banks.

Membership of the clearing system is now limited to the four major London clearing banks, the Co-operative Bank, Coutts and Co., Williams and Glyns, the Central Trustee Savings Bank and the Bank of England.

The Co-operative Bank and the Central Trustee Savings Bank were admitted only two years ago, each on payment of a fee of £200,000. Access to the system is available to all other banks through agency arrangements with one of the clearers.

Membership of the clearing house is therefore more a question of economics and prestige. Commenting on the current discussions the Giro said yesterday its banking activities had now reached a level where it would appear sensible to enter clearing on a functional basis rather than share-owning. Shares in the clearing house are owned by the London clearing banks.

£18.5m EEC grant to Ulster

A FURTHER £18.5m is to be allocated to Ulster by the European Social Fund to help finance the province's industrial training schemes.

The aid, earmarked by the *fund's advisory committee*, will boost Ulster's total allocation since 1973 to more than £71m, and will mean that the province has benefited more per head of population than any other EEC region.

Still life fetches £90,000 in auction of Old Masters

A STILL life of fruit and shells by Balthasar van der Ast made the top price of £90,000 in Sothebys major spring auction of Old Master paintings, which totalled £1,163,600, with 14.1 per cent bought in. The anonymous buyer will have to pay an additional 10.8 per cent on the hammer price as premium.

London dealers were active. Barclay bought a wooded river landscape scene by Salomon van Ruysdael for £70,000, double the forecast, and Agnew acquired a Goya portrait of the Infante Don Luis de Borbon and the architect Don Ventura Rodriguez for £60,000. Newman paid £50,000 for "Christ driving the traders *from the Temple," of the* Northern French School of around 1470.

A portrait of the painter Panini by Charles Andre van Loo realised £48,000 and Agnew, again, bought "Ornamental birds in a park" by Melchior de Hondecoeter for £45,000. "A Landscape with Falconers" by David Teniers the Younger sold for £35,000 and "An Architectural caprice" by Guardi for £32,000. The newly discovered Boucher portrait was within target at £22,000.

The afternoon session added £328,980, with highest prices of £17,000 for a still life by A. Bosschaert the Younger (three times forecast) and £14,000 for *"A still life of fruit"* by Theodore van Aenvanck.

Sotheby's Belgravia auction of continental furniture brought in £187,050. A kingwood and "Sevres" centre table signed Leber, of the 1870's, sold for £8,000 and a French ormolu mounted kingwood commode for £6,000. The same sum secured a Pierre Jules Mene bronze group of a horse and jockey of around 1863.

There was an exceptional price of £68,500 paid at Phillips' yesterday by Eskenazi, the London dealer, for an early 16th century Ming wine jar 12 ins high, Japanese dealers were the keen under-bidders. A Ryoshi-Bako lacquer box made £48,000 and a group of three eagles on a lacquered stand sold to Nash, another London dealer, for £4,300. The sale totalled £154,466.

At Phillips', Marylebone, an electrically operated model of a fairground went for £2,600 and a model of the Great Western Railway Dean single locomotive for £4,000.

Christie's top price was £14,000 for a rectangular diamond single stone ring. A diamond ribbon loop brooch with a diamond collet centre *sold for £13,000.* In an auction of drawings, a black chalk study by Pietro da Cortona for the head of the Angel for a fresco in the vault of the Sacristy of the Chiesa Nuova in Rome went for £7,000.

SALEROOM

BY ANTONY THORNCROFT

UK word processors 'lagging behind'

BY JOHN LLOYD

THE National Enterprise Board should encourage a foreign-owned multinational to establish a plant in the UK to manufacture word processors—electronic typewriters combined with computers—to compete with British companies.

This is one of the recommendations of a report by the office machinery sector working party of the National Economic Development Council, published today.

The report says that the UK office machinery industry continues to deteriorate relative to its major competitors, and that "manufacturers have, with a few notable exceptions, not so far successfully switched to electronic-based product lines where the market growth is fastest."

In another report from the NEDC published today the automation and instrumentation sector working party also stresses that moves from lower to higher technology products must be continued, and quickened, though it notes that the industry is relatively well placed, with a positive trade balance in 1977 of £233m.

In contrast, the trade balance in office machinery shows a deficit of £190m in 1977, up from £165m in 1976 and £49m in 1975.

The office equipment report says that future success in the office machinery market is "inextricably bound up" with the future of UK electronics components and computer manufacturers, because of the progressive incorporation of electronics into office machinery.

"That trend makes all the more disturbing the trade deficit of nearly £200m in 1977 for the more broadly defined category of office equipment that takes in computers and computer peripherals."

The report is a sombre one for the three major product groups studied—photocopying equipment; cash registers, facsimile transmission micro-film and mailroom equipment; and automated office products.

The report says that the three new products launched by the copier industry in 1978 were all at the "high" end of the market. "The UK sector's position remains vulnerable to continued heavy imports at the 'low end' of the market."

The report says that the U.S. and Japan have already established massive strengths in cash registers and associated equipment. Marketing operations overseas are essential to generate higher volume and encourage investment, and this should be with the assistance of the Government.

On automated office products, the report notes that only 5 per cent of word processors now in use in the UK were manufactured in Britain. The Government should become closely involved in the sector, both by encouraging a large multinational plant through the NEB, and also act as "a catalyst for change and development, working closely with industry to specify needs and, as appropriate, application areas and possible markets."

The report on automation and instrumentation is more buoyant, though it says that there is a shortage of skilled labour amounting at times to 30 per cent of requirement, and that, in many products, world market opportunities have not been taken up.

Multinational activity in this sector is very high—foreign ownership is as high as 65 per cent in some sectors—but where UK companies are not linked to multinationals, they are at a competitive disadvantage.

"If the UK industry generally is slow in adopting new micro-electronic applications, the automation and instrumentation sector will lack a firm home market base for new products, with the result that it could miss out on new export opportunities and subsequently be overtaken even in the home market by more advanced products developed by overseas competitors for their own home markets."

Reports of the Office Machinery and Automation and Instrumentation sector working parties: National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX.

Bid to delay Coal Board Belvoir plan inquiry

BY JOHN LLOYD

OBJECTORS to the National Coal Board's plans to develop a 10m tonnes a year mining complex in the Vale of Belvoir in north-east Leicestershire want the inquiry into the project put off for at least a year.

The preliminary stage of the inquiry, which will set the agenda for the main proceedings later this year, begins on May 8.

The alliance of anti-Belvoir groups, made up of the National Farmers Union, the Vale of Belvoir Protection Group and the Vale of Belvoir Parish Councils Committee, say that the inquiry should wait until the Commission on Energy and the Environment, chaired by Lord Flowers, has reported in about two years time.

In a letter to Mr. Peter Shore, the Environment Secretary, they say that the inquiry decision would have to be made before the Coal Board case could be tested against the wider criteria laid down by the commission and might well conflict with them.

"Surely it is a matter almost of common sense not to proceed with this inquiry at this juncture, but for those most closely concerned to direct their *energies to ensuring that the* commission is properly informed on all relevant matters without delay," says the letter.

Low pay deters recruits, chairman of Bar says

LOW PAY among barristers, one-third of whom earn less than £4,000 a year, has led to a drop in recruits to the Bar, according to evidence to the Royal Commission on Legal Services by Mr. David Hirst, QC, chairman of the Bar. There was an urgent *need for a big rise* in fees for publicly funded criminal work, he said.

A survey among barristers had shown that one-quarter, mostly the recently called, earned less than £3,100 a year.

Mr. Hirst also urged the Commission to consider that any major change in the work pattern of the legal profession, such as the suggested extension to solicitors of rights of audience in Crown Courts, might cause "*a stampede from* the Bar, certainly from the younger members." He had seen no public demand for such a change.

Food group 'flouted obligations'

INTERNATIONAL STORES, the food retailing group, deliberately flouted its obligations under a lease by closing an unprofitable supermarket and leaving it empty, a High Court judge said yesterday.

The company said it was a "correct commercial decision."

Mr. Justice Slade commented: "*If* this is the standard by which they judge the correctness of their commercial decisions, I have some sympathy with the persons who find themselves *doing business* with them."

The judge "reluctantly declined" to grant an injunction in a pending action by Braddon Towers, a subsidiary of Allied London Properties requiring International stores to re-open as a supermarket at Vincent Park Estate shopping centre, Sittingbourne, Kent, owned by Braddon Towers.

The judge said International Stores had committed a serious breach of covenant, without any apparent regard for Braddon Towers, or the occupants of the other shops.

He said the law did not allow the court to compel someone to carry on a business.

He gave *directions, however,* for an early trial of the action, in which Braddon Towers will claim damages against International Stores.

Fire losses soar after Bolton blaze

BY ERIC SHORT

ONE FIRE, which caused £10m worth of damage was the chief reason for fire damage costs in February soaring to £33.8m, according to figures released yesterday by the British Insurance Association.

The £10m disaster occured in mid-February at the filter manufacturing plant of Automotive Products in Bolton, Lancashire. The factory, a total write-off, was the largest single item of fire damage since the Flixborough explosion in June 1976.

February's figures were also boosted by three other £1m-plus fires, including one at Waring and Gillow's furniture store in the centre of Reading, costing nearly £2m.

Although last month's damage costs were only £3.5m up on the previous month, they were nearly £10m above those for February last year. Fire damage costs have now exceeded the £30m mark in each month from September, with the exception of December. This level had previously only been reached during the firemen's strike period and the Flixborough disaster.

Altogether there were nine fires where damage exceeded £250,000 and a further 76 costing more than £35,000 each.

Plant managers warned of oil tank danger

THE HEALTH and Safety Executive has started a campaign to warn factory managers of the dangers of heavy fuel oil tanks exploding. The warning follows an investigation by the executive into a series of blasts and fires.

The investigators found most of the explosions were caused by overheating and the build-up of dangerous concentrations of oil vapour within the tanks. The main reason for this was that thermostats in the tanks were not immersed in the oil and unable to control temperatures properly.

The executive said yesterday that factory managers needed to check that tank heaters and thermostats were always immersed in oil. Extra precautions had to be taken during cold weather or when there was any likelihood of oil supplies being interrupted.

Army of diggers cry for a patch of soil

By Christopher Parkes

EVEN THOUGH the price of fresh vegetables has tumbled the excessive levels of the drought-stricken 1975 and *1976 growing seasons,* Britons are still clamouring for a chance to get their spades into a little patch of land they can call their own.

The conservationist group Friends of the Earth claims that there are still more than 120,000 people on waiting lists for local council allotments.

At the same time, the group estimates, there are some 220,000 acres of derelict and despoiled land laying idle in Britain and a further 55,000 acres unused in Scotland and Wales.

In an attempt to bring some of this land into production FoE has just published an "allotments campaign guide" for individuals and groups interested in persuading the owners of these waste acres to allow them to be salvaged by volunteer armies of diggers and hoers.

The group also has called for a government survey of all waste land, and they want local authorities to be empowered to licence temporary allotments on any land laying idle for five years or more.

The Manpower Services Commission should be instructed to start land reclamation and authorities should be ordered to clear their allotment waiting lists by reclaiming waste acres and handing them over to the public, the group says.

Even though vegetable prices have come down from recent peaks, national spending on fruit and vegetables is still £1.45bn more than it was seven years ago, the group says and a family allotment could cut shopping bills for fresh produce by as much as £130 a year.

Lucas review wins award

LUCAS INDUSTRIES' 1978 annual review has won the major companies' section of the annual employee reports competition organised by Accountancy Age magazine and the Industrial Society.

The Mobile Training Cup was presented to Mr. James Shield, director and treasurer of Lucas Industries, in London.

RESTRICTIVE PRACTICES

Reviewers urge stronger, more flexible law

BY PAUL TAYLOR

THE THREAD running through the recommendations in the Government's Green Paper on restrictive trade practices policy, published yesterday, is that existing competition law should be strengthened but made more selective and flexible.

The review body, comprising senior civil servants and economists from government departments, which prepared the Green Paper, says that existing legislation has proved effective in removing restrictive agreements in relation to goods and has contributed to improved industrial efficiency.

However, it argues that there are *some grounds for criticism:* in particular, the legislation is too inflexible and so may deter or prevent both "insignficant and significant but desirable" agreements. The major thrust of the Paper is that flexibility should be increased, mainly by broadening the discretionary powers of the Director General of Fair Trading; that the means of enforcement should be strengthened by the introduction of discretionary fines for failure to register agreements and by making collusive tendering a criminal offence.

The review body rejects the idea of a fundamental change in the approach to restrictive trade practices to bring UK legislatioh more in line with that in the European Community.

To change the basis from specific restrictions to the "effects - based" system — a general system based on the control of arrangements and agreements which have the effect of restricting competition —would "result in upheaval and cost to industry" and it was unlikely that the benefits would outweigh the disadvantages.

However, a much wider role for the Monopolies and Mergers Commission is suggested to control anti-competitive practices which are not covered by present law.

The major changes in the law needed to achieve the general objectives and set out in the Green Paper are:

- The introduction of a two-part register of restrictive agreements with the director general of Fair Trading given discretion not to proceed against insignificant cases.
- Giving the director general power and discretion to approve cases without taking them before the Restrictive Practices Court. This, it is argued, would improve flexibility.
- Powers to prevent the continued operation of a undesirable agreement pending a full court hearing either by amending the existing law or by giving the director general the power to make orders.
- The introduction of discretionary fines for failure to register registerable agreements.
- Giving the director general power to refer certain non-registerable agreements, arrangements and practices adversely affecting competition to the Monopolies and Mergers Commission for full investigation or to accept an undertaking from those involved that they will stop the practice, even where no statutory monopoly exists.
- Giving the Secretary of State for Prices and Consumer Protection back the power to act on a Commission report.

Criminality

- The introduction of a ban on defined agreements which have been found to be against the *public* interest, for example, collusive agreements (*which the* reviewers recommend should be made illegal) and the power to prohibit other forms of agreements.

The Green Paper says these measures would give "more coherent" controls and adds that the relationship between the Office of Fair Trading, the Monopolies and Mergers Commission and the Price Commission also will have to be examined.

On the controversial question of making some infringements criminal offences, the Paper says that because of the "growing evidence" of evasion relating to collusive tendering, and because of the fraudulent nature of the practice, criminal charges should lie.

CAMBRIDGE ECONOMIC POLICY REVIEW

BY PETER RIDDELL

'Incomes policy offers no answer'

THE SYSTEM OF world trade no longer induces adequate economic growth and major structural changes are needed—this is the central conclusion of the Cambridge Economic Policy Review published today.

The review is the annual study produced by a team of researchers at the Department of Applied Economics at Cambridge, headed by Mr. Wynne Godley and commonly known as the New Cambridge school of economists, as distinct from an older generation associated with the Keynesian revolution.

They present a very pessimistic analysis of Britain's economic prospects in the 1980s, with the prospect of unemployment possibly up to between 2¼m and 3¼m, unless policies are changed. Incomes policy, fiscal and monetary restriction and devaluation will not provide an answer—only general import controls and reflation to expand internal demand offer a solution.

This year's review concludes that "the existing framework of international economic relations, the rules by which it operates and the theories on which those rules are based, now serve to entrench unemployment and inflation in many countries, including the U.S. and the UK."

The assessment confirms the persistence of long-run trends in the structure of trade in manufactured goods—in particular the growing Japanese share in contrast to the falling shares of the U.S. and the UK.

"Two widely feared eventualities—higher oil prices and retaliation against U.S. or UK import controls—would not be particulalry harmful to world trade. *The real danger now is that the U.S. may deflate to eliminate its deficit while Japan's share of world exports continues to grow and EEC countries deflate to avoid having the U.S. deficit passed on to them.* This combination of circumstances would rapidly deepen the world recession."

The result would be that the EEC and most other developed countries would then manage growth of only 2 to 3 per cent a year and the U.S. would manage very little growth at all.

Imbalances

These assumptions are not particularly sensitive to assumptions about oil prices since there is every reason to suppose that OPEC imports will again rise to match OPEC revenues if there are further substantial oil price increases.

The conclusion is that unless action is taken, either Gross National Product growth in many countries, including the U.S., must be restrained well below the rate compatible with full employment, or the current accounts of major countries and blocs must move further and further out of balance.

The study makes the following main points:

● The required changes in structural trends in the 1980s are larger than can be achieved by exchange rate adjustments.

● Reduction in the growth of Japanese exports would permit faster expansion of the trade of all other countries.

● Whether or not growth of world trade accelerates, the U.S. will need to restrict growth of imports in order to achieve internal growth and full employment, and provided such restrictions are used to maintain internal growth rather than to cut the U.S. trade deficit, they will not reduce the trade of other countries.

● Countries able to maintain internal growth, either because they have strong trading positions or by means of general imports controls, could then aid growth of developing countries by discriminating in their favour.

● To the extent that structural changes needed for balanced growth are not achieved, expansion of world trade will turn mainly on the size of the deficit which the U.S. is able to sustain and on the fiscal and monetary policies of stronger EEC countries.

● Fast expansion in Japan has little locomotive power for world trade because of Japan's low import propensity.

The review also argues that within the EEC trends in trade between member countries are causing problems of structural imbalances similar to those in the world system as a whole. It estimates that the redistributive effects of transfers within the EEC are arbitrary and in certain respects extremely perverse. The study confirms that the UK makes much the highest per head net contribution.

The possible effect of changes in the EEC transfer system are calculated. One alternative assumes that the UK's present net cash payment is exactly extinguished by a compensatory net annual transfer from the Community Budget to the UK Government of around £1.1bn. On this basis, output might be 1½ per cent higher than at present with consumer spending 3.3 per cent higher, unemployment ½ per cent lower and consumer price inflation 2 percentage points lower.

Moreover, according to the review, "proposals now being considered could make the problem of internal imbalance in the EEC even worse. If, for instance, the major food producing areas obtain yet higher prices for their output, this would increase the total cost to the UK and Italy and benefit some richer members. The European Monetary System would further impede growth in those EEC countries which suffer inflation because of their relatively low incomes and weak trading positions."

"The main directions of change which would improve economic performance in the EEC are a radical alteration in the system of transfers, policies to aid convergence of industrial performance between member countries and their regions (and) reflation by governments of member countries with strong currencies."

The slow growth of world trade and the burden of EEC transfers both create problems for the U.K. But these are less important than adverse trends in UK trade in manufactured goods which have already been a decisive constraint on growth of Gross Domestic Product since the start of the 1970s.

The review contains a detailed analysis of what might happen on the basis of the current strategy. This assumes the continuous achievement of a zero basic balance on external accounts and the maintenance of the cost competitiveness of UK producers at the average 1978 level.

It is assumed that these constraints are met by adjustment of fiscal policy and of the exchange rate with no measures to correct adverse trends in trade performance. World trade is assumed to expand at the same rate as in the past three years.

From this analysis the review concludes that UK prospects will be very poor indeed in the 1980s when North Sea benefits level off.

"Even in the short-term unemployment is likely to rise and inflation to accelerate. On the implausible assumption that nothing is done, unemployment would rise to between 2¼m and 3¼m during the 1980s and inflation would be in the 15 to 20 per cent range (when not temporarily checked by incomes policies)."

Faster growth of world trade or relief from EEC transfers would help to delay the process of deterioration for two or three years, but would not reverse it.

Conclusions

A long discussion about the effects of alternative policies concludes:

● Fiscal and monetary restrictions would marginally reduce inflation in the short-term by holding up the sterling exchange rate, but would, after a few years, run into the impasse of severe stagflation, as the adverse effects of a high exchange rate on trade, GDP, unemployment and public finances make themselves felt.

● Incomes policy is a weak instrument for reducing inflation in the long-term.

● Devaluation, aimed at restoring growth and stabilising unemployment, would accelerate domestic inflation and require a very large fall in the sterling exchange rate.

● Import controls and fiscal expansion of internal demand in the UK would achieve faster growth and a gradual return to full employment.

● Inflation would become less serious in the longer-term if faster growth were achieved by import controls or by any means other than devaluation.

● A permanent reduction of inflation through incomes policy, even if it were possible, would not alter the prospect of slow growth and rising unemployment (except if used as a substitute for overt devaluation).

The review does "not accept that nothing should be done because corrective action is inconsistent with EEC and wider international rules. Such rules are meant to be beneficial to all countries which abide by them."

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PROSPECTS FOR BRITISH ECONOMY
per cent annual change

	1978-80	1980-85	1985-90
Base Projection:			
Exports	5.8	4.1	3.8
Imports	5.4	4.4	4.3
Gross Domestic Product	2.2	0.5	0.1
Unemployment in final year (thousands)	1,500	2,720	3,740
Import Controls:			
Exports	5.7	4.1	3.8
Imports	5.3	4.3	3.6
Gross Domestic Product	3.6	4.0	2.9
Unemployment in final year (thousands)	1,420	1,490	1,340
Devaluation:			
Exports	7.5	8.1	7.0
Imports	5.5	7.1	6.9
Gross Domestic Product	3.1	3.4	2.5
Unemployment in final year (thousands)	1,380	1,150	860

Assumptions about world conditions same in each case, Base projection assumes maintenance of constant cost competitiveness; import control strategy assumes restriction of imports of manufactured goods so as to achieve GDP growth shown; devaluation strategy assumes cost competitiveness reduced by 4 per cent a year up to 1985 and 2 per cent a year thereafter.

NUPE calls off its campaign in hospitals

BY PAULINE CLARK, LABOUR STAFF

THE National Union of Public Employees yesterday called off its campaign of industrial action over a 9 per cent pay deal for hospital ancillary workers.

The 26-strong union executive was unanimous in its decision after recognising what NUPE later described as the "impossible position" in which it had been placed by the other three unions representing hospital workers.

Earlier this week, NUPE was outvoted 12 to four in a decision by the national union side negotiating committee to accept the offer of 9 per cent and a comparability study with £1 on account.

This followed a delay of about two weeks in formal acceptance of the offer while NUPE resisted pressure from the other unions to call off selective industrial action in hospitals in pursuit of an improved deal.

The prospect of an election campaign soon almost certainly contributed to growing union pressure on the executive to call off industrial action which would have become a political embarrassment to the Government.

The union, however, remained bitter about its position yesterday. It plans to make representations to the TUC for proportional representation on major negotiating bodies in the public services.

Although it represents by far the majority of hospital ancillary workers, it has, for instance only four seats along with all the other unions on the negotiating committee—an allocation which has not changed since it was set up 30 years ago.

The issue is expected to be debated at length when the union holds its annual conference in May.

It predicted yesterday continuing sporadic disruption in hospitals over the next few days because of disputes over payment for extra work in the aftermath of industrial action.

Part-time hospital workers, which make up a substantial number of NUPE members in the group, are said by the union to be disgruntled that they will not benefit from the planned comparability study.

The union is also expected to be outvoted on the ambulancemen's national council today when unions vote on a similar offer to the group.

Ambulancemen in South Glamorgan decided yesterday to continue their strike until Friday, when peace talks between NUPE leaders and the area's health officials are expected to be resumed. The ambulancemen walked out last week when pay was withdrawn because they refused to return to normal working, and protest action has since spread to other parts of the country.

More back Civil Service strike call

By Philip Bassett, Labour Staff

CIVIL SERVICE work throughout the UK is expected to halt on Monday after the Civil Service Union and the Northern Ireland Public Service Alliance yesterday decided to join a one-day strike in protest at the Government's 7 per cent pay offer.

About 520,000 civil servants have now been called out or given authority to strike on Monday.

The CSU said that Whitehall messengers, Government establishment and museum and art gallery security staff, radio operators, telephonists, court ushers throughout England and Wales and many Coastguard officials would take action on Monday.

Messengers and security staff at the Houses of Parliament, drivers, stable lads, footmen and other staff at Buckingham Palace and Beefeaters at the Tower of London will also be called out.

Spot strikes

In company with the four other major civil service unions, the CSU will organise selective strike action to follow the one-day stoppage.

The Northern Ireland Public Service Alliance, which represents 20,000 civil servants in the province from messengers to principals, will also consider further industrial action after the one-day strike. Their pay settlement is linked to the main deal.

The Alliance said yesterday that civilian security guards at Belfast city centre gates will be withdrawn on Monday, in addition to staff at major departments and other establishments.

Most social security offices in Manchester were closed yesterday and 24 out of the 29 offices will remain strikebound until next Tuesday.

The unions are pressing the Government to honour the findings of the Pay Research Unit comparability studies, which the unions estimate show rises due averaging 26-36 per cent. The Government has offered 7 per cent now with the balance in April next year.

NATSOPA accountants report with executive

BY ALAN PIKE, LABOUR CORRESPONDENT

THE National Society of Operative Printers, Graphical and Media Personnel executive will next week consider a financial report put to a special meeting of the union's governing council this week.

Members of the governing council — the NATSOPA conference — were recalled at a private meeting on Tuesday to consider the accountants' report. At its regular meeting last year the governing council refused to accept the union's balance sheet and financial statement and demanded the appointment of a fresh, independent firm of chartered accountants to prepare new accounts.

A NATSOPA head office spokesman said yesterday the governing council had considered the issue and passed it back to the executive with recommendations for them to consider next week.

On the instructions of the governing council the new accountants' report, which the executive will discuss, covers a considerable range of issues.

These include details of the sale of investments and properties over the past 10 years, Swiss bank accounts, all companies set up by the union or by any officers in their own authority, and the purchase of Krugerrands, gold sovereigns or medallions.

● Last night the Guardian was due to resume publication on Times Newspapers presses, where it is normally produced, for the first time since the Times suspended publication on November 30 last year. Since then it has been produced under a temporary contract with Associated Newspapers.

Management and unions at Times Newspapers are negotiating industrial relations reforms they hope will enable publication to resume by April 17. It is stressed by both sides, however, that the return of the Guardian to Times Newspapers does not guarantee that the Times negotiations, some at a delicate stage, will succeed.

Dispute called over LT fraud claim

EXCESS FARES will not be collected on London's underground on Monday by members of the National Union of Railwaymen in protest against allegations by London Transport that ticket collectors pocket £2.5m per year.

Mr. Charlie Turnock, assistant general-secretary, said there was strong resentment among the 15,000 NUR members on the Underground at the allegations by a member of the Greater London Council's transport committee. He warned that the union's executive would consider a one-day strike on the Underground if the allegations were not withdrawn.

About 1,000 fare collectors will refuse to collect any excess fares, and other NUR members have been instructed not to take over their work.

Mr. Turnock blamed London Transport for the "misleading" document, containing claimed fraud figures, which was given to the Greater London Council.

Bank staff agree to 8½%

SCOTTISH BANK staff, whose pay settlement sets the tone for deals in the English clearing banks, yesterday agreed pay increases with the Federation of Scottish Bank Employers worth 8½ per cent.

The increases for the 23,000 staff take effect from April 1. The agreement also eliminates some minor pay anomalies.

Print union admits trying 'to wreck newspaper'

A PRINT union was trying to "wreck" a provincial newspaper group into submission in a battle for recognition, a QC acknowledged in the Appeal Court in London yesterday.

But Mr. Simon Goldblatt, QC, argued that the union was keeping its eye on its target, and its blacklist of advertisers was in furtherance of a dispute with the publishers.

He was appearing for the National Graphical Association which is challenging a temporary High Court injunction ordering the lifting of blacking activities.

The injunction had been granted to national newspapers where printers refused to handle advertisements from organisations which had advertised in the Nottingham Evening Post—the newspaper at the centre of the union recognition dispute.

"We want to stop them advertising in the Post," said Mr. Goldblatt. "If we do, it will be a valuable step forward in our fight with T. Bailey Forman" (publishers of the Nottingham paper).

The hearing continues today.

Strike threat at Chrysler

THOUSANDS OF Chrysler workers will strike in two days if the company does not answer a three-point ultimatum satisfactorily. Shop stewards at the engine building factory in Coventry say they will call out the labour force on Friday, when a mass meeting will be held.

They have asked the company to declare its intention regarding 1,200 men whose jobs are threatened by the Iran crisis; to agree work-sharing as a way of saving jobs; and to give assurances that there will be no redundancies.

Britain's Automotive industry defended

By Kenneth Gooding, Industrial Correspondent

BRITAIN'S automotive industry should not be judged by the number of imported cars sold in the UK, but by the healthy balance-of-trade surplus in cars and components, said Mr. Richard Martindale, director of marketing for BSG International last night.

"I don't understand how some large British companies insist that their employees all drive British cars, and then expect to sell their products on the Continent, whether they are electric kettles, chemicals, light sockets, brass valves or whatever," he said.

"The Channel is no more a fiscal barrier than the Thames. You might just as well talk about exporting cars from Coventry to Kent. Frankly, where the car is assembled is of only academic interest."

Mr. Martindale's company is not only a leading supplier of seat belts and vehicle mirrors to European car and truck makers but also Britain's major retailer of imported cars in the UK (it was formerly known as the Bristol Street Group).

Speaking at a dinner held by the Institute of British Carriage and Automobile Manufacturers at Keele University last night, Mr. Martindale maintained the "important question to be asked is how much of the car is British, because if you take into account the number of UK sourced components that go into foreign-assembled cars, then we are in healthy surplus—last year there was a surplus of £800m on components alone."

Mr. James Callaghan, the Prime Minister had been wrong to exhort people to "buy British" because "nobody ever got fat eating their own tail."

He added: "The correct injunction should have been "export and design for world markets." If we don't, and we adopt an insular attitude to our planning and ignore what is going on in the world then, if we are not careful, the British car industry will go the same way as our motor cycle industry, where our obsession with marketing for our own country, with insufficient regard to what was happening around the world, ruined a once great industry."

Scottish school teachers strike

THOUSANDS of Scottish children missed lessons again yesterday because of selective strike action by more than 3,000 members of the Educational Institute of Scotland which said that more than 70 primary and secondary schools had been affected.

Complaints against industrial tribunals 'may be ill-founded'

BY PAULINE CLARK, LABOUR STAFF

SOME OF the complaints levelled against the industrial tribunals system may be ill-founded, a new study of unfair dismissal cases published in the latest Department of Employment Gazette indicated yesterday.

The survey, carried out by the Social Science Research Council, took a random sample of 228 unfair dismissal cases handled by one English regional office of tribunals between August and December 1976.

Researchers concede the limited size and scope of the survey but believe that their data has shown that "in many ways the various parts of the system appear to be operating with a fair degree of satisfaction on the part of applicants and respondent employers."

They point out that the bulk of some 46,000 annual applications to tribunals concern unfair dismissal and that the increase in case load has been accompanied by increasing criticism. Complaints have been directed not only at the legislation on the system but also about the nature and operation of tribunals.

It was found, however, that although most applicants in the survey were seeking monetary compensation, a number were concerned about something else, such as clearing their name.

The survey says in addition that the Department of Employment does not appear to be overstepping its role and while the role of officers in the Advisory, Conciliation and Arbitration Service was difficult to evaluate "a significant proportion of applicants and employers find them helpful."

A number of employers were found to have made a money settlement because it was seen as a cheaper alternative to going to a tribunal hearing but there was little evidence that applicants who thought they would lose pursued their claims nonetheless in the hope of achieving some "nuisance" payment.

● The number of working days lost as a result of stoppages in all the industries and services last month fell compared with January. But the effect of the local authority manual workers' industrial action was evident in the high figure of 1,736,000 days lost against 571,000 in February 1978, according to statistics published in the DE Gazette yesterday.

The number of workers involved in stoppages during the month was substantially lower than in January, however, at 340,000, against 1,457,000.

Apart from disruption by council workers and selective action in hospitals, the Gazette draws attention to a stoppage by 4,000 North Sea rig construction workers from January 5 to February 26.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Pushes metal into shape

ɪNE OF the oldest names in ıe UK bicycle industry is ioneering an advanced method f metal forming. The company ; Haden Bros., which, for well ver a century, has been ıaking cycle frame components ı its Birmingham factory.

Rubber bulge-forming is the ame of the process which epends on the controlled eformation of a specially esistant grade of rubber under eavy pressure to cold-form 'eel tubing into highly complex ıapes.

Based on the operation of a 00-ton hydraulic press, the rocess consists in inserting a ubber core into the steel tube lank and placing this ssembly in a die machined out ı the exact shape of the esired component.

The die is fixed to the bed of ıe hydraulic press which perates to drive two rams from bove and below, applying high ressures to the rubber core nd the steel tube from both nds. The effect of this is to ompress tube and core and orce them outwards into the hape of the die. When this is pened and the formed omponent is released, the ubber core returns to its riginal shape ready for use on he next blank.

Haden says the crux of the rocess is the design of the orming tool and it has carried ut extensive investigations on letermining the length of the original tubular blank required for any particular component, which has naturally entailed detailed studies of the limits on the amount of deformation that can be achieved.

From the point of view of cost, it is desirable to arrive at optimum deformation with the minimum amount of raw material.

The method is competing with casting, or hot metal stamping followed by extensive machining, which Haden describes as being slower, less accurate and more expensive than bulge forming.

On such equipment, where speed of throughput is very important, a crucial question was the choice of safety system and the designers of the process decided to use the Supergard unit first presented to the metalworking industries in mid-1978. The reason for the selection was the fact that this safety unit, made by P. J. Hare, cuts unproductive time to a minimum while giving an extremely high margin of safety. It has two lightweight, transparent moving shutters driven by toothed belts and controlled by a pneumatic cylinder. The shutters have cushioned leading edges so that if an operator's hand is caught, there is no danger of injury. The press will not cycle if this happens.

Interlinking the pneumatic control cycle for the guard with the electric controller for the press achieves this.

When the operator has placed a new workpiece in the press and the guard is closing as he withdraws his hand to pick up another blank, the natural path for this hand movement passes over the horizontal bar which actuates the press. There is thus no break in the natural rhythm of his work, and touching the control bar instructs the press to proceed, but when the guard shutters have closed.

Haden Bros., West Ley Street, Birmingham B9 4ES. 021-772 0461. P. J. Hare. Wrington, Bristol BS18 7NL. 0934 862608.

● COMPONENTS

Ready-made hydraulics

ƐKF STEEL of Newport Pagnell has a new "hydraulics package," consisting of cylinder ubes, piston rods and eyebolts, ıll in compatible materials and produced to any degree of finish required by the hydraulics nanufacturer.

Purpose of the scheme is to rovide buyers with a facility whereby they may obtain all of heir principal components rom one source, with guaranteed compatibility and requiring he minimum of in-house nachining.

Hydraulic cylinder tubes are offered in o.d. sizes from 60 mm to 250 mm and in lengths of up to eight metres. They are obtainable in hot or cold rolled steel, seamless or welded (DOM) and in any degree of finish from black tube to honed ready for assembly. Similarly, piston rods are supplied in any form from billet or bar or tube .o the finished object, again in ı choice of materials. The eyebolts, with built in bearings, ıre made in sizes to suit piston rod diameters from ten to 100 nm and supplied either loose ır welded to the rod. The company will also produce "specials" to order.

Cylinder tube in the new grade SKF 280 has a minimum yield strength of 30.5 tsi and its welding and machining characteristics are in the same category as grade SKF 214, which is one of the bar materials recommended for hydraulic pistons. Standard honing produces tolerances of H11 and further special tolerances of H8 and H9 can be supplied to order.

DOM tubes, which offer even closer tolerances, are welded from strip and drawn over a mandrel and through a die. These offer a yield strength of some 28 tsi and they also are produced in a steel corresponding to SKF 214. Outer dimensions range from 30 mm to 230 mm, with a maximum wall thickness of 14.7 mm. Precision drawing brings the surface finish down to a level which is adequate for most applications, though higher specifications can be met on request.

SKF Steel, North Crawley Road, Newport Pagnell, Bucks.

● ASSEMBLY

Parts put in their place

UP TO 30 operations per minute, with each operating cycle comprising eight movements, can be carried out by the latest automatic handling device produced by Ariel Automatic Feeders of Leicester.

The unit is designed to pick up and place small and medium-size components or assemblies onto jigs, fixtures and machine tools. Functioning can be continuous or on a stop and start basis from a given input signal.

The various movements are powered by a vertical pneumatic cylinder providing an up and down stroke of 25 mm, and a double acting pneumatic cylinder, built into the main body, providing a horizontal movement of up to 100 mm.

Users may select from mechanical pick-up heads with gripper fingers in either a horizontal or vertical position, vacuum lift or magnetic lift. Each of these can be custom designed to suit the type of component and application requirement. Control may be fully pneumatic or electro-pneumatic.

The standard unit moves in one direction but units can be provided with a rotary motion facility with angular travel up to 180 degrees.

Fuller details of the unit may be obtained from the maker at Ariel Works, Temple Road, Leicester LE5 4JG (0533-736541).

● PROCESSING

Keeps it all moving

AVAILABLE in the UK from Heinrich Fringe of Bonn, is an immersible aerator for waste water processing.

The agitator ensures effective aeration and movement reaching dead spots of sludge which could exist with a surface system says UK distributor Environmental Engineering, 15 Melville Terrace, Stirling, Scotland (0786 63021).

Aerator is a combined pump, blower and dispenser. Units range from 4 hp to 40 hp and have a maximum air capacity of 273 cfm (470 cubic metres an hour) or oxygen transfer of 150-250 lb an hour (70-120 kg/hr).

Installation of the immersible aerator is said to be simple and can be achieved without costs of removal of existing systems. These can then be used as stand-by equipment or utilised to match unprogrammed and exceptional treatment demands. Only installation requirements, says the company, are for the air intake and mains electric supply.

● ELECTRONICS

British tape unit

INTENDED for building into data recorders, instruments, office recorders and similar equipment, the C2000 tape transport mechanism is made in the UK by LGM Electronics 22, Station Approach, Fleet, Aldershot, Hants GU13 8QY (02514 28018).

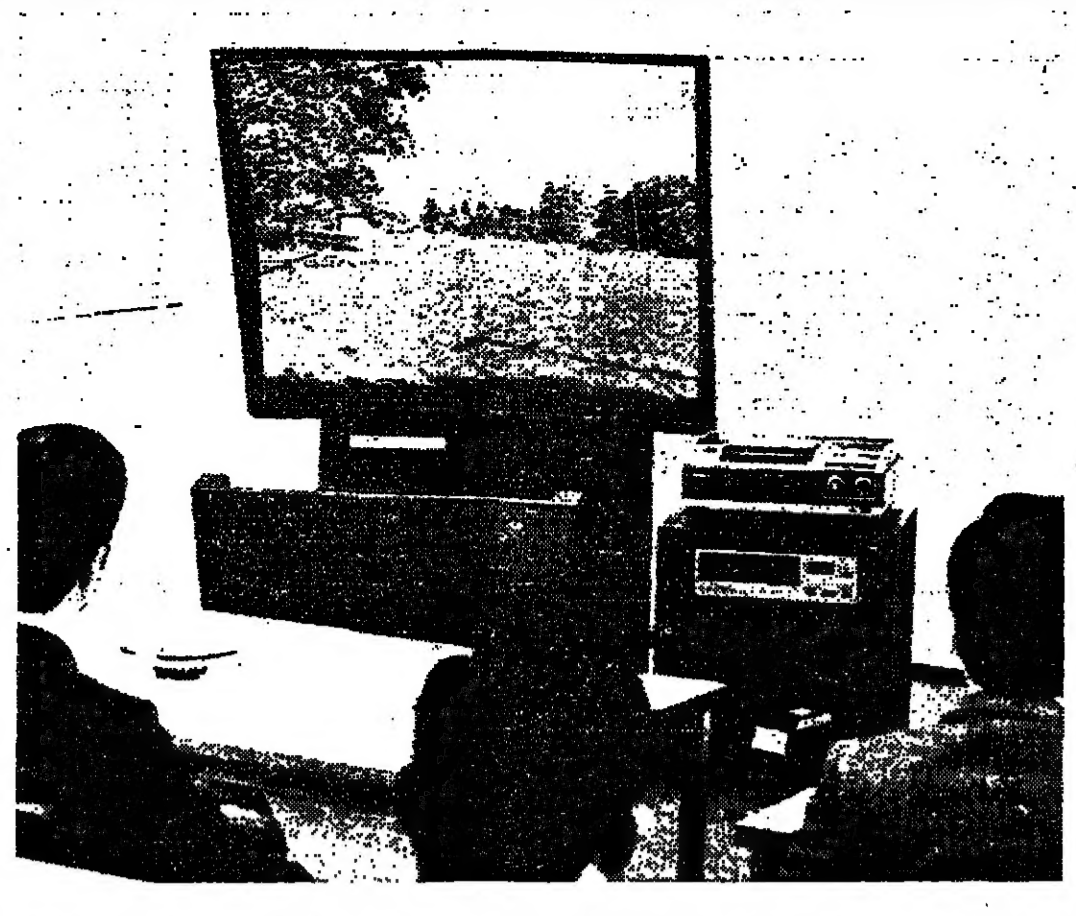
Solenoids provide remote operation of the stop, start, rewind, fast forward and search functions.

Robustly constructed, the mechanism operates from 12 volts dc, has dimensions of 180 x 145 x 60 mm and weighs 1.25 kg.

Operational speed is 4.76 cms/sec in normal forward motion and 15 times faster during "fast wind." Separate motors are used for driving the capstain and for fast winding and a three digit mechanical counter indicates tape position.

● TELEVISION

Little screens grow



THERE ARE signs that interest and competition in large-screen television, generally provided by means of a projection system, is growing on the UK market.

National Panasonic is offering its five-foot "CinemaVision" (shown here) which has the particular advantage of being an integrated unit, instead of having projection and screen separated by a distance of several feet.

Daryan and Company is introducing a 5½-ft parabolic screen system and in April Mitsubishi is to launch a 50 in screen receiver.

National Panasonic's design provides high clarity pictures from broadcasts or recordings, visible from distances up to 60 ft.

Designers of the system say there is no problem when the equipment has to be moved, nor from people moving between projector and screen.

CinemaVision folds into a unit smaller than a filing cabinet. Folding out the projection reflector from the unit takes only a few minutes, and adjustments are not needed.

An infra-red remote control device is provided for up to 16 different channels. A brightness sensor automatically adjusts the intensity of the projection system to match ambient lighting conditions. Brightness and contrast are automatically compensated as lighting levels change, so avoiding harsh or uncomfortably bright images in darker room conditions.

Either PAL or modified NTSC standards are accepted so that any organisation or individual using an industrial U-matic format recorder, with friends or professional contacts in North America, can use video recordings without complex or expensive conversion kits.

Theatre TV, offered by Daryan, is a projection system addressing virtually the same market.

The television receiver/projector console supported on a cabinet base, has a three-element projection lens and a dual-speaker arrangement which enables focused sound to be reflected directly from the screen.

Eight programme channel selections with touch-button control are provided any one of which may be used for video tape recorder input. Slide controls are provided for picture colour, brightness and contrast and for audio volume and tone adjustment.

Two auxiliary switches are incorporated in the console for the control of room lighting, associated appliances and other electrical devices.

Daryan is offering system installation and servicing from its Manchester base, 2 Mount Street, Albert Square, 061 832 8416.

National Panasonic is at 107 Whitby Road, Slough, Berks SL1 3DR. Slough 34522.

● AUTOMATION

Big engines monitored

FROUDE ENGINEERING has ordered automated engine test equipment for the Spurrier Works of Leyland Vehicles.

This contract, placed with GEC Elliott Process Automation, covers the supply of two GEC 4070 computers. One of these will monitor and control six research and development engine test beds automatically, the other will be a central computer system which will have two-way communication with the test bed computer.

The central computer system will have facilities for the storage of engine test data on cartridge discs, analysis of test results, provision of hard copy test reports and graphical plotting of engine characteristics. This is a new installation and is the first multi-bed computer engine testing system for research and development supplied to British Leyland.

Use of computer-controlled engine testing permits more efficient working and an improved product as a result of better research and development testing.

The engines to be tested on the six test beds will be, typically, current and future designs for use in Leyland heavy goods vehicles and double-deck buses.

GEC-Elliott Process Automation will be responsible for the installation of the computers and commissioning of the system including the interface with the dynamometer controls.

GEC-Elliott Process Automation, New Parks, Leicester LE3 1UF (0533 871331).

● COMPUTING

Link with Euronet

GSI UK, part of the largest computer services company in Europe, formerly CRC, has become the first "host" computer centre in Europe on the IPSS packet switching service. UK users can now access databases running on the GSi service bureau computers at Slough, for the cost of a local phone call.

In order to become a European "host" centre, GSi has had to write its own special communications interfacing software compatible with the X25 protocol agreed by most telephone using countries. It has also installed an Interdata Model 52 front-end processor and designed and built in-house, special hardware interfaces.

At the same time, GSi UK has become the first service company to establish a link with the Euronet service shortly to go live, ready for testing.

The company has also applied for a link with the UK Post Office packet-switched network.

GSi (UK) 83 Clerkenwell Road, London, EC1R 5HP. 01-242 0747.

UK NEWS — PARLIAMENT and POLITICS

Callaghan promises early election

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN EARLY general election was promised by the Prime Minister in the Commons last night when he replied to the Tory motion of no confidence with a spirited defence of the Government's record.

"If we are to succeed, then the country needs a Labour majority at the next election—a working majority—and we shall seek that in the early future," Mr. Callaghan told cheering Labour MPs.

He said that if the Government won the vote at the end of last night, it would still offer all-party talks on the future of devolution, with the Orders repealing the Scotland and Wales Acts being brought before the House for decision before the end of April.

There was a sceptical response from the Conservatives when he went on to announce that there *will be a bigger than usual* increase in old age pensions this November, to take account of under-estimates in the forecasts made a year ago.

In rousing passages which had *strong electioneering overtones*, he heaped scorn on Mrs. Thatcher's policies.

He described them as "industrial vandalism" which would lead to constant confrontation with the unions and a wages free-for-all.

Mr. Callaghan made great play with the importance of the Government's "concordat" with the unions, and accused the *Tories of intending to sabotage* it.

He also had words of warning for investors in the City who have been counting on a Tory victory in the general election.

His advice to them was: "Don't count your chickens before your cheques bounce."

The Prime Minister poked fun at the Conservative alliance with the minority parties on the vote of confidence. The Tories wanted to get rid of devolution, the Liberals supported devolution and the Scottish Nationalists wanted complete separation for Scotland.

Mrs. Thatcher, he said, had waited to see what the Liberals and the SNP were going to do and only then had she "found *the courage of their convictions*."

"What a remarkable display of solidarity," he jeered. "The minority parties have walked into a trap."

It was the first time in recorded history that turkeys had been known to vote for an early Christmas.

Repeating the Government's offer of *all-party talks* on devolution, he declared: "The Government firmly believes this should be the next step before Parliament takes the final step of debating the Acts and erasing *them from the statute book.*"

The people of Scotland expected Parliament to take devolution seriously and not just treat it as "a by-product of a grab for office."

Turning to the old age pension, Mr. Callaghan said that he could now inform the House of the Chancellor's estimate for the coming year.

The increase would be larger because earnings last year had risen faster than the forecast on which last November uprating had been based.

To take account of this, the pension *of a married* couple from next November would go up by about £4.00 a week to reach £35, and a single person's would increase by about £2.50 to a level of £22.

"*This* will be one more important step to reduce the gap that still exists in our society, to remedy injustice and to erase class divisions," he went on.

"The *difference* between the Opposition and ourselves is that we know these problems will not be solved by a return to the policies of the early 1970s or by soup kitchen social services."

Dealing with the Government's record, he claimed that it had been one of outstanding social progress and economic performance.

In the years ahead, there would be a great deal for a Labour Government to do in improving industrial efficiency, achieving a return to full employment and bringing down the rate of inflation.

Best progress would be made by adapting existing Labour Party policies which had protected the people of Britain during a period of world *recession.*

All that Mrs. Thatcher had offered in her speech had been a repetition of the policies which had failed during Mr. Heath's Conservative Government of 1970-74 and which had led to the ignominy of the candle-lit three-day week.

Listing the Government's job saving programmes and record on industrial assistance, he declared: "We are convinced that this basic approach makes for greater success than the free market, free-for-all approach that would abolish grants and financial aid and undermine and destroy these programmes."

—Terry Kirk

Ready for battle: Mr. Callaghan leaves for the Commons.

The Prime Minister warned of the consequences for Britain of Tuesday's increase in oil prices by the oil-producing countries.

Our supplies were reasonably assured because of North Sea oil and we might escape comparatively unscathed if an oil scarcity developed and high prices restricted the level of output.

At the same time, it would clearly become more difficult, in such circumstances, for Britain to export, and jobs in our export industries would be at greater risk.

The consequential effect would work through our economy.

The price increase would have a further adverse effect on world trade and the world balance of payments, especially for importing countries like the U.S.

Some countries might well be forced to adopt more restrictive growth and trade policies.

Therefore, there was an obligation on Britain to be economical in the use of oil. There was a general agreement among industrial countries to reduce oil consumption by 5 per cent, and he believed this to be a minium reduction which Britain had to work towards.

On the industrial relations front, he argued that the Government's agreement with the unions refuted the belief that "confrontation was the best way to do it."

"Are the events of this winter to become a regular pattern under a Conservative Government?" he asked.

The Government and the TUC had to work as partners.

"Is that agreed or not?" he asked Mrs. Thatcher, as Labour MPs bellowed at her to answer. "Do they prefer to jeer at the prospects of it breaking down, rather than hoping it will succeed?"

The problems would not be solved by Mrs. Thatcher's proposal that a Tory Government would withdraw from interference in wage bargaining.

He accused the Conservatives of highlighting individual cases of abuse of union power, and of driving the unions into a corner by painting all their 11m members with the same brush.

He described this as "a dangerous miscalculation."

The Prime Minister maintained that the present Tory leadership was trying to bury the period of the Heath Government.

There were hoots of delight from Labour MPs when he said that Mr. Heath "had been removed from the Conservative Party's collective thinking like Trotsky was blotted out in photographs of the Stalinist era."

When the Conservative Party was last returned to power, property speculators had been given a free hand, and money supply had been increased to finance some "pretty phoney finance companies."

This, he said, had led to one of the most disreputable periods in the City of London.

Ashley Ashwood

NEC members arrive at Transport House: Mr. Michael Foot (top left), Mr. Anthony Wedgwood Benn (bottom left) and Miss Joan Lestor.

NEC prepares campaign tactics

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S National Executive gave notice yesterday of the way it would like to fight an election campaign, when it unanimously endorsed a statement claiming that a Conservative Government would threaten jobs, add to inflation, and result in confrontation with the unions.

A Conservative administration would, it warned, be a disaster for the British people.

Ignoring the many differences between itself and the Cabinet which will have to be settled before the party's manifesto is agreed, the executive managed to reconcile the seemingly unreconcilable in a message piously supporting the Government in last night's confidence vote.

As the representative of the Labour Party, it said, it would continue to press the case for the irreversible shift of wealth and power in favour of the working people.

But in a passage which may comfort those Ministers who hope to tone down the NEC's proposed manifesto, it also acknowledged both the economic and political realities which the Government had had to contend with over the last few years.

In the circumstances, it said the Government had a record to be proud of.

Despite this show of loyalty, however, the meeting also produced an indication that the Prime Minister may have a tough fight with some executive members over the contents of the manifesto.

Left-wingers called for a meeting of the full executive to discuss the manifesto in the event of a Government defeat.

Fitt avoids Labour division

By Ivor Owen

THERE WAS no comfort for Government supporters from Mr. Gerry Fitt (SDLP Belfast West) who confirmed that for the first time in his nearly 14 years at Westminster he would not be joining Labour MPs in the division lobby.

He explained that the strong feeling among the minority community in Ulster about the action taken by the Government to increase the number of Northern Ireland MPs—which was bound to benefit the Unionists—made it impossible for him to do other than abstain.

An enigmatic speech by Mr. James Molyneaux, leader of the Ulster Unionists and MP for Antrim South, threw little light on the voting intentions of Mr. Enoch Powell and the rest of his colleagues.

He made it clear that the key issue on which the final judgement rested was the prospects for the progress in the "recreation of local democracy" in Northern Ireland.

Mr. Molyneaux stated: "In the position which we in the Ulster Unionist Party occupy in the House, we shall be failing in our elementary duty to the Province and to those who elected us if we did not use our votes tonight to mark in the most emphatic manner open to us our sense—and that of those we represent—that Ulster has a right to local democracy.

"Ulster is still being denied that right."

The Liberal leader, Mr. David Steel said his party intended to vote with the Tories in favour of an early election—but not because they favoured Conservative policies.

"I do not believe in opinion polls. I believe in the electorate's decision, and I will do my best to dissuade them from voting for a Tory party," he said.

Issues like compensation for Welsh quarrymen should be discussed on their merits and not on whether or not three Plaid Cymru MPs would be walking into the Government lobby.

"I have always taken the view that the future of devolution and the future of the Government are two entirely separate questions.

"The only way to make progress on devolution is through all-party talks."

Not even the Prime Minister thought there was the remotest possibility of bringing the present Scotland and Wales Acts into law.

The Scottish National Party leader, Mr. Donald Stewart, attacked the Government for failing to implement the devolution proposals and to tackle some of Scotland's most serious *problems.*

"If the events of the past five years have proved anything, it is that the London-based parties cannot be trusted to look after Scotland's interests."

He warned *Mrs. Thatcher* that if the Conservatives came to power, the devolution problem would not go away.

Confident PM defies soothsayers

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN opened his General Election campaign in the Commons yesterday — and a very formidable opponent he looked.

His horoscope warned him to expect the worst; his biorhythms were said to be at their lowest ebb.

"On critical days like this, we are likely to have accidents, catch colds . . . and suffer," said the soothsayers.

To Labour's uninhibited delight, the Prime Minister betrayed not the merest hint of a problem — and even less concern about the Opposition's harassment.

Mr. Callaghan had clearly decided, defeat in the Commons or not, that there would be an election before the summer.

That decision made, he turned to the hustings with *a rousing verve, cheered to* the echo by his backbenchers.

Mr. Callaghan, with effrontery, derided Mrs. Thatcher's alliance with the minority parties — "She found the courage of their convictions."

He scorned the apparent eagerness of the Liberals and SNP for an early election: "It is the first time in recorded history that turkeys have been known to vote for an early Christmas."

The Prime Minister defended the Government's record with vigour, and scoffed at the Tories' policies as little more than the resurrected remains of the Heath Government's programme.

Only Mr. Heath had gone— "He has been removed from the Conservative photographs as Trotsky was blotted out of photographs of the Stalinist era."

Even the speculators were emerging again, Mr. Callaghan declared. "I warn them not to count their chickens before their cheques bounce."

But the Prime Minister himself shrewdly inserted a few promissory notes among the sallies.

Labour was pursuing a tighter monetary policy than the Conservatives, he said—but he was happy to announce that it intended to raise old-age pensions by £4 a week in the autumn.

Compare that with the Tory "soup kitchen" social policies, he invited the voters in both the Commons and the country.

Altogether, Mr. Callaghan contrived to sound more ready for an election than Mrs. Thatcher had done in leading the "no confidence" attack.

Not that the Tory leader lacked bite. "The Government has failed the nation, lost its credibility and it is time for it to go," she snapped for a start.

The Government was now more concerned with survival than with governing, she declared.

Labour MPs responded to the taunts with conscious restraint but the Tories cheered her on wildly.

The Government had abdicated authority to strike committees, Mrs. Thatcher charged. It had doubled prices, doubled debt and diminished our defences.

The Tory leader said that the Government had failed to reach every economic target. Its demands for State spending had reduced the country to a "pocket money society."

But the day of reckoning could not be avoided. Mrs. Thatcher *suggested* sharply that it had now come.

Pensions increase 'fulfils obligation'

By Eric Short

THE Prime Minister's announcement of increases in retirement pensions, to take effect from November, represents solely a fulfillment of the Government's obligation, as laid down in the Social Security Act, 1975, to maintain the real value of pensions.

This ideal has been accepted by all political parties and the method of re-rating is somewhat automatic.

"But this Act does more than simply maintain the purchasing value of pensions. It fulfilled the pledge given by the Labour Party in the 1974 election that pensioners should share in national prosperity by linking pension increases to earnings movements if these were greater than price changes. But the Act underpins the pension increases so that they will not be lower than the rises in the Retail Price Index.

Thus, during the years of Phases 1 and 2 of the pay policy when earnings lagged behind prices, the pensions rose in line with prices. Overall pensions up to the last uprating in November 1978 had improved by 20 per cent in real terms since the Government came into power.

Nevertheless, the Act is vague on the precise measures to be used by the Government to uprate pensions. Effectively, the Secretary of State for Social Security must revalue in line with earnings or any other measure he thinks fit. And the actual methods used so far have been somewhat varied.

At the start the past movement in national average earnings was the yardstick. Then in 1976, it was switched to a forecast price movements, a change that was unsuccessfully challenged in the courts.

Last year the uprating was based on forecast earnings for November 1977 to November 1978 which fell short of the actual movement by 1.8 percentage points. However, Mr. Callaghan stated that this next increase will include an amount to make up for the past shortfall.

Traditionally, the increases in pensions have taken place once a year in November, except during 1975 when because of the high rate of earnings rises, it was made at about eight-monthly intervals.

Since 1976 the Chancellor, traditionally, has announced the increases in pensions in his Budget, leaving the Secretary of State for Social Services to announce *changes in* other benefits on the following day. This time the Prime Minister feels that he should announce that the Government will fulfil its legal commitments on *pensions.*

Useful though these rises are, they come nowhere near meeting the demands of the TUC and pensioner associations for a substatnial rise in retirement *pensions.* The *demand* is for one-third of National average earnings for a single person and one-half for a married couple.

Thatcher woos voters with tax cuts

BY IVOR OWEN

TAX CUTS aimed at restoring morale of management and skilled workers will be the top priority of an incoming Conservative government, Mrs. Margaret Thatcher told the Commons yesterday.

She was launching the Opposition attempt to remove Mr. James Callaghan from office.

In one of the most effective passages of a speech which reflected the tension and uncertainties of the occasion, she denounced the tactics employed by the tottering Labour Government to cling to office.

To a roar of approval from the crowded Tory benches, Mrs. Thatcher declared: "What condemns the Prime Minister now is the justified feeling that the substance of matters before the House takes second place to the survival of the Government.

"That feeling is widespread and it robs this Government and the Prime Minister of authority, credibility and dignity.

"The only way to renew the authority of Parliamentary government is to seek a fresh mandate from the people and to seek it quickly.

"*We challenge the Government* to do so before this day is through."

Mrs. Thatcher argued that the record of the last five years since Labour's return to power—and not just the delay in giving Parliamentary effect to the decisions reached by the people of Scotland and Wales on devolution—justified a declaration of "no confidence" in the Government.

Dealing with the Government's handling of the results of the referendums, she complained *that* when it had been a time for decision the Prime Minister claimed that it was a time for talks.

"As he had previously spurned them, we were not wholly convinced that the reasons *he advanced represented* the whole truth," she said.

The Opposition had felt equally sceptical when Mr. Callaghan expressed his willingness to consider modifications to the Scotland Act, presumably by an amending Bill or totally different legislation.

While his period of office as Home Secretary had shown that he took a "flexible view" about constitutional niceties, she believed that even the Prime Minister might find it difficult to arrange for such major changes to be carried through the present Parliament when, at most, it had only three working months left.

> 'This Government has doubled prices, doubled dole queues and debt, diminished our defences and undermined public confidence in the law'

"Any such changes must be for a new Parliament," Mrs. Thatcher insisted. "The only decision the Prime Minister really took was to delay the decision."

Mrs. Thatcher gave her pledge that incentive tax cuts will be "top of the list" of priorities of an incoming Conservative government when she broadened the attack by accusing the Prime Minister of having failed to achieve any of the economic objectives which he had himself set.

The 5 per cent wage norm laid down for the fourth phase of the *social contract had never* been accepted.

"It created the very confrontation which the Prime Minister boasted he had replaced by co-operation," she scoffed.

At the same time, Mrs. Thatcher recalled, the people of the country had had to watch the Government abdicating its authority to strike committees.

"*People expect rubbish to be* cleared, schools to be opened and hospitals to be functioning —and they are not."

Each crisis, whether industrial or financial, had been met by the Government with short-term measures.

There had been no serious attempt to deal with the underlying problems. Mrs. Thatcher contended that, in fact, the basic problems had got worse.

The Government had doubled prices, doubled the dole queues, doubled debt, diminished the nation's defences and undermined public respect and confidence in the law.

The present high rates of taxation had caused a haemmorage of talent in management and resentment among the skilled.

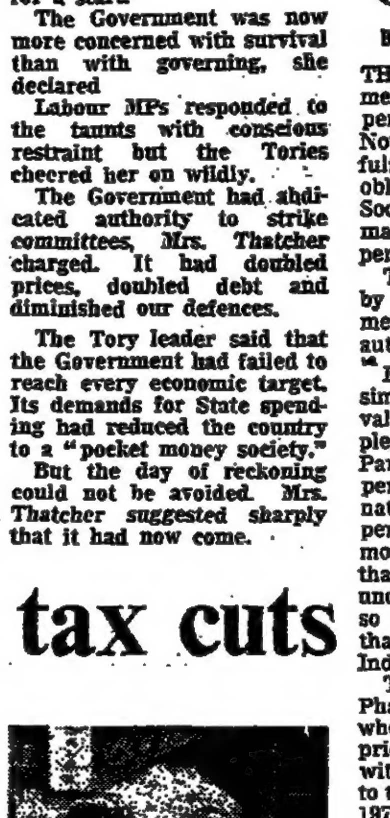
Tax cuts were needed to restore the morale of management and *skilled* workers and increase the growth of small businesses, the sector to which the nation must mainly look for the provision of new jobs.

Mrs. Thatcher also called for a different attitude to *profits* which, she said, were pitifully low. She attacked the idea of Government powers being used to direct the investment of savings held by insurance and pension funds.

Successful companies should have no difficulty in attracting investment, and savings in insurance and pension funds should not be used to back *losers.*

Labour backbenchers pointed to Mr. James Prior, the Conservative shadow employment minister, who has led the attempt to improve relations between Conservative leaders and the unions, when Mrs. Thatcher restated her *belief* that action was needed to restore the balance between power and responsibility in the trade unions.

When account was taken of the dominant role of the unions in the Labour Party—they controlled the conference and the *executive—she did not believe* that a Labour Government would make the necessary changes.



Freddie Mansfield

Mrs. Thatcher, *the Tory* leader, leaves her Flood Street home for the censure motion in the House of Commons.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
4th qtr.	105.8	101.8	100	104.7	239.6	1,431	137
1978							
1st qtr.	107.0	102.2	99	106.4	246.4	1,409	188
2nd qtr.	110.7	104.5	95	107.9	254.4	1,367	213
3rd qtr.	111.4	104.9	103	110.7	266.6	1,380	213
4th qtr.	109.6	102.5	113	110.7	272.5	1,340	230
Oct.	108.5	101.7	100	110.2	267.9	1,360	228
Nov.	109.4	102.3	130	110.5	269.7	1,339	231
Dec.	111.0	103.4	110	113.8	279.8	1,321	231
1979							
Jan.	104.4	94.9		109.6	273.1	1,339	236
Feb.				111.5		1,363	231
March						1,350	236

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
4th qtr.	104.7	97.4	114.3	98.3	94.5	100.0	20.7
1978							
1st qtr.	105.2	98.8	116.2	99.9	96.6	98.0	17.8
2nd qtr.	107.8	98.2	122.4	99.8	107.4	101.3	27.1
3rd qtr.	107.6	98.8	123.2	100.8	101.2	103.9	23.0
4th qtr.	105.8	96.2	123.0	95.8	97.5	101.2	20.1
Sept.	107.0	99.0	122.0	99.0	100.0	102.0	25.0
Oct.	105.0	96.0	121.0	96.0	97.0	100.0	24.3
Nov.	106.0	96.0	122.0	95.0	93.0	103.0	20.7
Dec.	106.0	97.0	126.0	97.0	102.0	101.0	15.3
1979							
Jan.	100.0	94.0	118.0	94.0	79.0	95.0	9.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
4th qtr.	117.3	102.4	− 16	+580	−659	102.4	20.39
1978							
1st qtr.	119.6	113.8	−590	−361	−620	105.4	20.63
2nd qtr.	122.2	110.0	−173	+135	−414	104.5	16.75
3rd qtr.	124.9	114.4	−365	− 49	−501	105.7	16.55
4th qtr.	125.1	112.8	− 1	+359	−480	106.7	15.77
Oct.	125.9	111.3	+ 40	+160	−135	106.0	15.97
Nov.	122.6	114.1	−108	+ 12	−162	107.3	15.67
Dec.	126.7	113.0	+ 67	+187	−183	106.8	15.69
1979							
Jan.	113.1	102.3	−119	+ 1	− 60	107.7	16.26
Feb.							16.62

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all *seasonally adjusted. Minimum* lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,811	1,049	1,263	6½
2nd qtr.	8.5	15.7	24.5	+2,857	694	1,398	10
3rd qtr.	16.8	5.3	8.6	+1,114	746	1,425	10
4th qtr.	9.7	9.7	8.8	+1,487	878	1,425	12½
Oct.	13.8	5.5	1.9	+541	363	470	10
Nov.	12.1	10.7	9.9	+120	261	506	12½
Dec.	9.7	9.7	8.8	+826	254	449	12½
1979							
Jan.	13.6	16.4	21.3	+897	289	491	12½
Feb.	21.7	10.7	24.2	+1,070	231		14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
4th qtr.	119.9	142.2	145.5	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	151.8	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
4th qtr.	136.5	147.1	157.3	202.6	208.0	257.69	62.7
Oct.	135.2	145.7	156.6	201.1	205.6	265.22	62.3
Nov.	136.1	147.3	157.1	202.5	207.9	263.63	62.3
Dec.	138.1	148.2	158.3	204.2	210.5	257.69	63.2
1979							
Jan.	135.7	150.4	159.8	207.2	217.5	260.63	63.4
Feb.		151.1	161.5	208.9	218.7	267.36	64.3

* Not seasonally adjusted.

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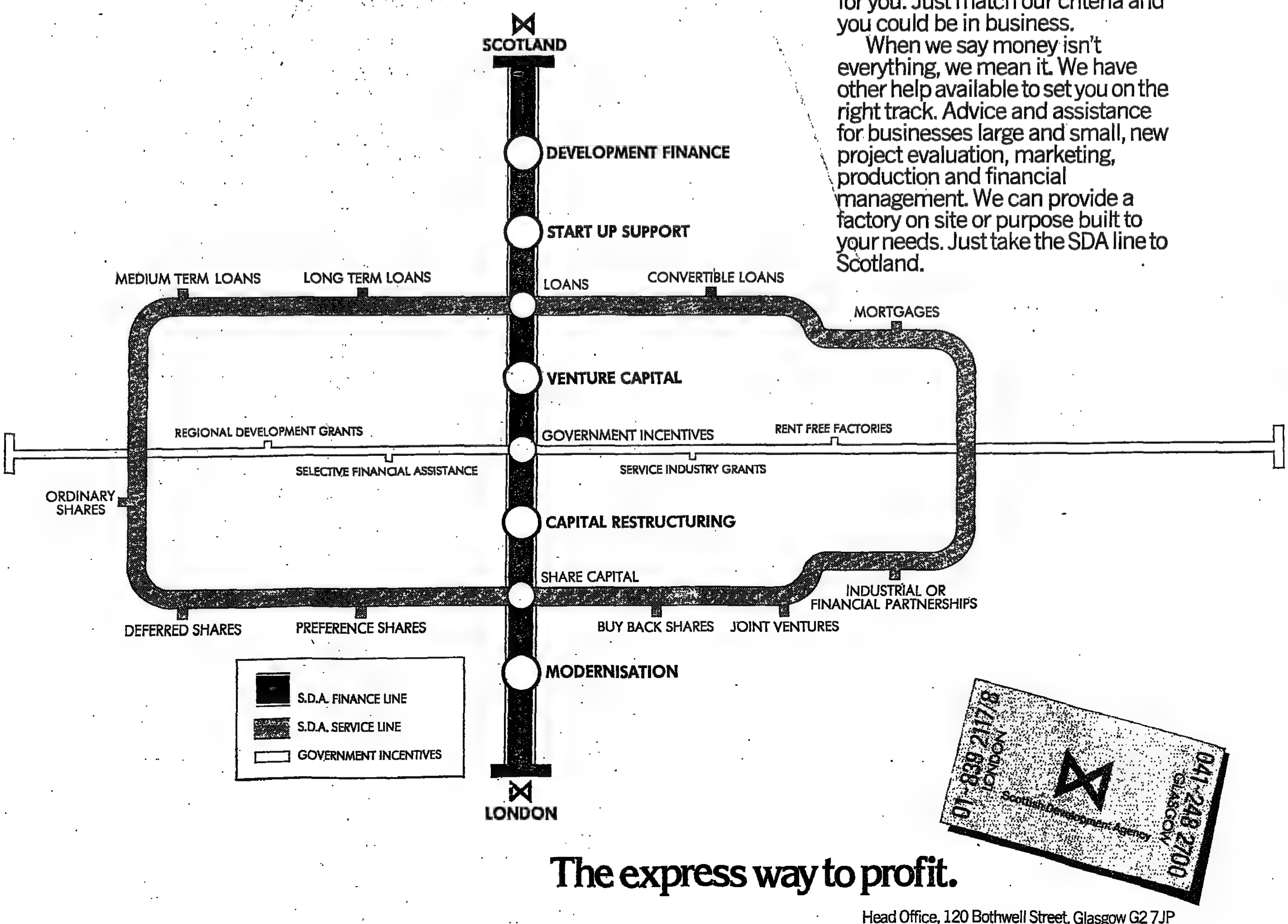

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THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

A lesson from von Clausewitz

BY MICHAEL THOMPSON-NOEL

IT WAS CARL VON Clausewitz, the well known brand manager, who said: "In such things as war, the errors which proceed from a spirit of benevolence are the worst." Later, he told the annual sales convention: "Power used at the right moment against the right adversary brings more power." Finally, in his famous address to the stockholders' meeting, he articulated one of the great laws of marketing: "Many assume that half efforts can be effective. A small jump is easier than a large one, but no one wishing to cross a wide ditch would cross half of it first."

Von Clausewitz, of course, was never a brand manager. He was a Prussian military strategist who in his treatise, On War, may be said to have distilled Napoleon into theory. On the other hand, the alleged links and relationships between marketing and war are such that in some quarters, at least, von Clausewitz is now held to be (at least half seriously) the first great marketing strategist.

It is true there are superficial similarities between those who wage marketing and those who wage war. Marketing departments attack or defend. They concentrate their forces on target markets in target territories and talk about penetration, firepower, secret weaponry, allocation of resources, communications backup, tactical breakthroughs and retaliatory action. In moments of genuine hysteria *they even pack up their* troubles in their old kit bag and sack their advertising agency.

But is the relationship between marketing and warfare anything other than superficial? Those who wanted to find out trooped into London this week for a conference organised by AMR International and the Marketing Society called boldly: Marketing Warfare.

From the UK there were draftees from Beecham, Unilever, RHM, Metal Box, Cadbury, Guinness and General Foods, among others, while from Europe, which turned out in force, there were plane drops from Italy, France, Germany, Austria, Spain Switzerland and Scandinavia.

At lunch the first day the troops were addressed by no less a military celebrity than Gen. William Westmoreland, who recently retired *from the* U.S. Army and is now a Board director of a number of corporations.

The general rattled through the principles of war—objective, offensive, manoeuvre, surprise, security, simplicity, and so on—but spent much of his time dredging up quotations from Sun Tzu, a Chinese *general of the fifth century* BC. "Sun Tzu said: 'In war the way to avoid what is strong is to strike what is weak.'" "*Sun Tzu said*: 'All men can see these tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved.'"

Al Ries, chairman of Ries Cappiello Colwell, helpfully discussed the strategic square, thereby defining the four types of marketing warfare to which the conference was addressed: defensive, as in the case of a *dominant* market leader like General Motors in the U.S., offensive, as in the case of a strong No. 2 like Ford, flanking, as in the case of a minority market shareholder like Chrysler, and guerrilla, as in the case of American Motors.

According to what Mr. Ries calls a glittering generality, out of every 100 companies, one should be playing *defence*, two *should* play offence, three should flank and the remaining 94 should be guerrillas.

The rules of offensive marketing warfare were these: the main consideration was the market leader's strength. Too many companies considered only their own strengths and weaknesses. An attack should be launched on as narrow a front as possible. Offensive wars should be waged with narrow lines, preferably single products. *The attack* should be launched at the leader's weakest position. The only success that American *Motors* has enjoyed in recent years, said Mr. Ries, was its Buyer's Protection Plan, an attack against the poor service *reputation* of GM dealers. A classic case of offensive warfare, he said, was Proctor and Gamble's assault on Colgate with its Crest toothpaste, which was launched not only with a $20m advertising budget but with a P and G version of the English longbow: the American Dental Association's seal of approval.

By definition, he says, defensive marketing warfare is a game only market leaders should play. The best defence is good offence. A leader should always introduce new products and services before the competition. Says Clausewitz: "*The statesman who*, seeing war inevitable, hesitates to strike first is guilty of a crime against his *country*."

Flanking warfare? Says Clausewitz: "Where absolute superiority is not attainable, you must produce a relative one at the decisive point by making skilful use of what you have." In practice, says Mr. Ries, this means attacking IBM where IBM is weak, not where IBM is strong. The principles for flanking are these: (1) Good flanking *moves must be made into un*contested areas. Digital Equipment Corporation introduced a small computer before IBM; Michelob was the first U.S. premium-priced beer. (2) Tactical surprise should be an important element. (3) The pursuit is as important as the attack.

Guerrilla warfare, which according to Mr. Ries ought to be the marketing mode of 94 per cent of companies everywhere, is based on three broad principles: (1) Find a market segment small enough to defend. (2) No matter how successful you become, never start behaving like the market leader. (3) Be prepared to retreat at any time, for the company that runs away is the one that fights another day.

There was no end of tactical support material from speakers anxious to explain how their companies had successfully outmanoeuvred the opposition with one of these four techniques: Johnson and Johnson and Godfrey Davis on the offensive front, for example, Heinz and Playboy Enterprises with defensive case histories, the director of marketing research at Twentieth Century Fox with an example of flanking and speakers keen to spell out how speed and agility had helped guerrilla operations compete in markets dominated by much larger competitors.

It was all very useful if you want to join West Point. But the metaphor of war was absurdly overblown. In any case, the military is not infallible. Michael Walzer, Professor *of* Government at Harvard, has just published a book, Just and Unjust Wars (Alan Lane, £7.50), which casts illumination on how the military think.

He writes: "Though generals agree on the meaning of strategic terms—entrapment, retreat, flanking, manoeuvre, concentration of forces, and so on—they nevertheless disagree about strategically appropriate courses of action. They argue about what *ought* to be done. After the battle, they disagree about what happened, and if they were defeated, they argue about who was to blame. Strategy, like morality, is a language of justification."

Which ought to justify another conference.

South Vietnamese militia units near Phu Lam, 1972. According to current U.S. theory, 94 per cent of all marketing companies should adopt guerrilla tactics and learn to fight another day.

Selling soap at the interface

IS YOUR SALESFORCE aware that at the functional interface between selling and distribution there is an over-burdened need for interfunctional trade-offs so that it can prioritise changes in organisational structure and strategic orientation in readiness for the incremental sales *downturn expected midway* through next fiscal?

I hope not, writes Michael Thompson-Noel, for how can it sell soap if it is paralysed by jargon? Yet marketing is riddled, from head to toe, by so much gobbledegook borrowed from the management sciences that it is a small-scale miracle that some marketing departments ever think clearly enough for a sufficient length of time *to sell a single pot of fishpaste*.

A. C. Nielsen, the market research company, has just produced the first issue of an inter*national review called Marketing* Trends that contains an article by Dr. Dieter Pommerening of McKinsey's Hamburg office. The article is titled Brand Marketing: Fresh Thinking Needed, and sets out to discuss marketing in the 1980s and the problems brand marketeers will face in dealing with a growing array of government agencies, regulatory authorities and public interest groups as well as the new trends in consumer behaviour and consumerism.

Fair enough, except that at some points it reads as though the jargon *is* the message. Dr. Pommerening's views undoubtedly deserve a wider audience, though it is a pity he has to resort to the language of "interfunctional trade-offs."

In his view it is high time for a fresh look at accepted marketing concepts and approaches. In many respects, he says, the concept of product marketing is *already over-burdened*.

"But we can go a step further. In the 1980s, strategic marketing will be a prerequisite for survival. Telling *the consumer* which white is whiter will *no* longer be marketing's principal concern.

Nostalgia

"The role of marketing in consumer companies has altered *greatly just in the course of the* past three decades. In response to changes in the business environment it has already gone through at least three distinct phases" — the 1950s, when the manufacturer was king; the 1960s, when marketeers were unequivocally oriented towards the consumer, with strong brand policies that many still look back on with nostalgia; and the 1970s, during which intense pressures from retailers had tipped the balance of power *once more and left many* manufacturers nursing weakened brand franchises, idle plant capacity and slimmed-down profits.

"It is no longer enough to manage product sales, market share and net contribution. Today, individual trade customers need to be managed as profit centres . . . with the same level of management attention that brands have historically enjoyed under the product management system. This implies an integrated sales/marketing concept whereby pro*duct and account strategies* are co-ordinated and balanced. It is perhaps ironic that this is basically no different from the approach many industrial manufacturers have adopted for many years in managing their product range across a spectrum of a few large customers."

However, if today's need is to supplement product marketing with trade marketing, says Dr. Pommerening, tomorrow's prime requirement will be strategic marketing. "Marketing must develop a new self-awareness. Gradually, it will have to take on the role of corporate pace-setter."

What does he mean? He means that manufacturers have to make some very radical decisions and some very radical changes. Consumer goods manufacturers have to decide whether they plan to keep faith with the brand and invest accordingly for the long term. The only alternative, apart from diversification, is an abdication of the marketing role and a reversion to a narrow manufacturing business base, supplying the trade and the surviving brand marketeers with low-cost products.

Keep smiling

"Either one is, of course, feasible; but the company that allows itself to drift into a middle course between the two is headed for strategic disaster. *That, unfortunately, is a risk* many manufacturers appear to be running today.

"Does marketing really need to *rethink* its role? Clearly, the answer is yes. Product marketing is not obsolete, but there is already an urgent need for it to be complemented by trade marketing and the systematic management of functional interfaces. In the future, the marketing man himself has to assume *the* role of strategic pacesetter for his company based on a clear understanding of the complex range of internal and external issues raised by the new trading environment."

Setting aside all functional interfaces, I take it that what Dr. Pommerening is really saying is that in order to keep selling Smash and Bisto and Hovis and Lucozade and Dairy Milk and Galaxy and Persil and Oxo and *Weetabix* and Fairy Liquid on the scale and at the profit to which they have been accustomed, marketing departments must keep abreast of the times, learn to live with the growth of consumerism, smile bravely at all those government agencies and regulatory busybodies and . . . keep the produtt moving. I wish he'd said it.

Berry for Y & R job in N. York

NORMAN BERRY, deputy chairman of the London ad agency Davidson Pearce Berry and Spottiswoode, is joining the Board of Ogilvy and Mather in New York in mid-summer as *executive vice-president* and executive creative director. Mr. Berry started Davidson Pearce Berry and Tuck in 1964 and six years later became chairman of the newly formed DPBS, now London's 14th biggest agency with 1978 billings of £21m. DPBS is owned by O&M.

In the U.S., according to the latest survey by Advertising *Age*. *Ogilvy and Mather International* was the fourth biggest U.S. agency last year in terms of world billings ($1.003bn.), the fourth in gross world income $153.9m), and the fifth biggest in income outside the U.S. ($82.5m).

In terms of world billings, the top three in the AdAge survey were: 1, J. Walter Thompson, $1.48bn (gross international income: $222m); 2, McCann-Erickson, $1.4bn. ($211m); 3, Young and Rubicam, $1.36bn ($204m). According to the full survey, 629 *agencies scored a combined 1978* gross income of $3.46bn (+20 per cent) on total billings of $23.3bn.

Northern poise wins £½m

YOU DON'T need a smart Mayfair office and ranks of leggy temps to run a successful advertising agency, as demonstrated *this week by Redheads Advertis*ing of Newcastle and by C. B. Brookes Advertising of Uttoxeter. (Altogether there are 129 IPA-registered agencies in the provinces compared with 176 in London.)

Redheads has won the £300,000 Lonrho Textiles account in competition with Saatchi and Saatchi Garland-Compton, Landsdowne Marketing (the JWT subsidiary) and Graham Poulter Associates of Leeds. With northern poise the agency said yesterday that the same *Redheads team of* Hamish McPherson, Jim Dobson and Alan Lambert that organised the Lonrho pitch was also involved in the £600,000 Northern Gas Board account win against Saatchi's a year ago. Managing director Ronald Redhead says billings are now £3.8m, which in 1978 would have put it into the Campaign Top 100.

In turn, C. B. Brookes has won the Lancer Boss trucks account, which together with another gain takes Brookes' new business wins *this year to £300,000*.

● BENTON AND BOWLES is handling the launch of Bird's new instant custard for General Foods and has been asked to handle GF's total media buying, which exceeds £5m.

● *SCHWEPPES (AGENCIES)*, which recently withdrew from the Perrier Group operation, Acqualac Spring Waters, is spending £200,000 on a campaign for its imported still water, Evian, second to Perrier in the total mineral water market. Last year, claims Schweppes, volume sales of Evian were 35 per cent up. TV ads will be used in London and on Southern during April and May.

● HALFORDS, the auto accessory, cycles and leisure goods retailer, has started a £400,000 TV and Press campaign via Boase Massimi Pollitt Univas.

● THE SIXTH, entirely new, edition of the British Code of Advertising Practice will be published on April 10.

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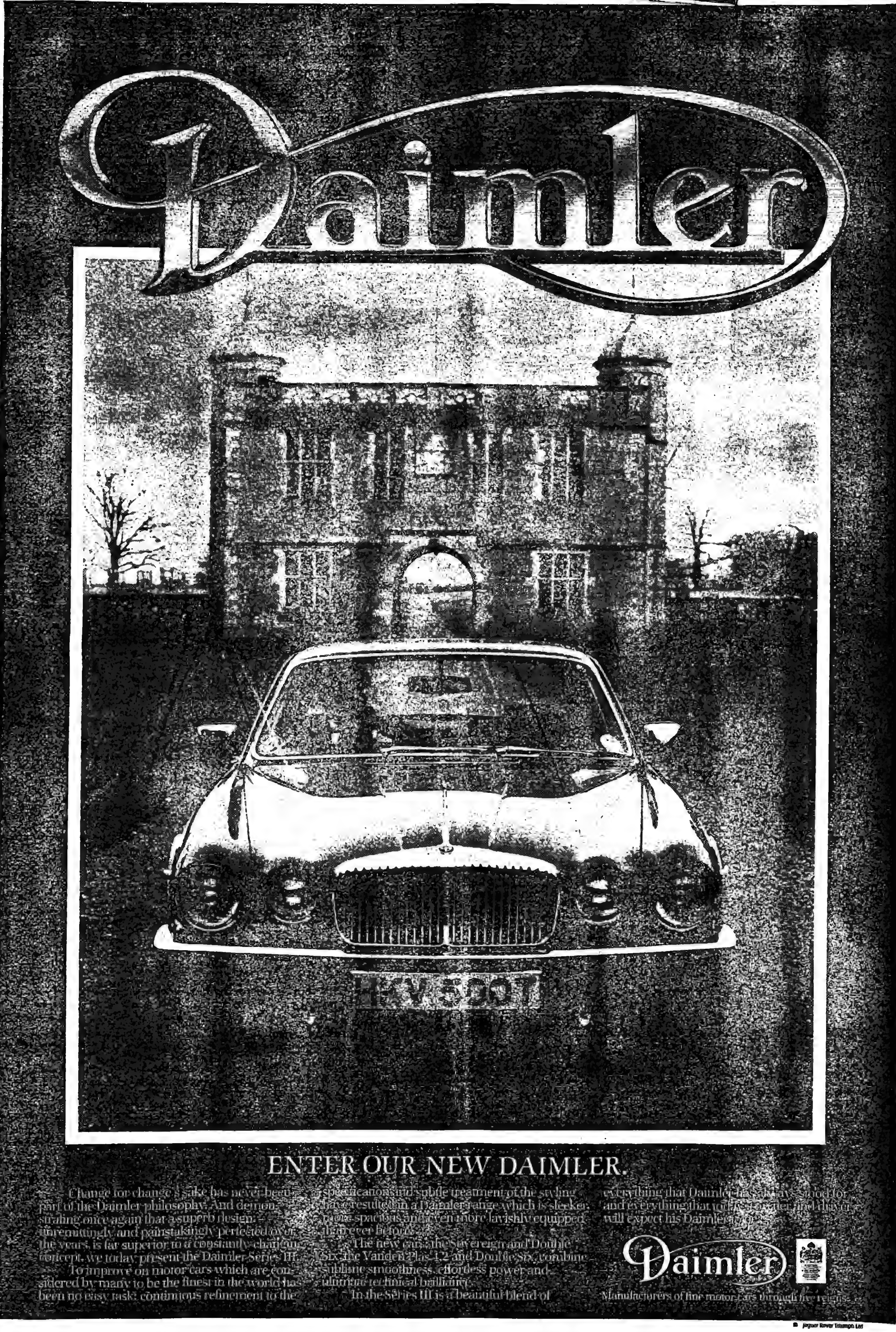

THE JOBS COLUMN, APPOINTMENTS

What senior managers think of recruiters

By MICHAEL DIXON

CAN IT be coincidence?, I wondered the other day. There had just dropped on to my desk the first printed version of the IPM Recruitment Code.

The code, as persevering readers will know, was suggested by the Jobs Column two years ago and has since been developed by the Institute of Personnel Management into a short statement of expected practice, spelling out the basic courtesies due both from recruiters and from job-applicants in their dealings with one another.

What probably was coincidence was that the new leaflet fell from its envelope on to a pile of truculent letters. And these made it uncomfortably clear that this column had unwittingly proved yet once again the need for the above-mentioned code.

The only difference between the first proof which sparked the idea in 1977 and the second confirmation was that this time I had done it the other way round.

Two years ago the experiment began with a column declaring that a candidates' charter was needed to protect job applicants from unwarrantable abuses by callous recruiters and employers. Immediately recruiters and employers began to burst out all over with protests that what was really needed was a charter, if not the reinstitution of the death penalty, to protect recruiters (to borrow the terms of the IPM's new leaflet) "against the thoughless, the unreliable, the rude and the downright dishonest who surface in any large batch of job-applicants." So the Jobs Column came up with the idea of a two-way code for mutual protection.

The opposite course of events this year began with an article in mid-February which, at the request of certain consultants and personnel managers, reminded senior managers particularly that they should not behave like (as my Lancashire grandmother would have put it) Lord Muck when applying for jobs on the open market.

On such occasions the only important person was the one who would read the letter of application or conduct the interview, and so decide the candidate's fate, the article asserted. Even the best top executives could not afford to take shelter in their localised reputations, and sit there writing scrawled inchoate sketches of themselves "out into the void," like some *dyslexic, palsied, amnesic* version of Scott of the Antarctic. Instead they ought to market their applications to the needs *of the job in question, and address themselves clearly* and considerately to the recruiter.

The clutch of letters which arrived here in answer were absolutely clear and to the point. Fortunately, the main target was not me, but what the letters' authors consider is the stupefyingly low standard of recruitment consultants and employers that seem to be around *nowadays.*

Complaints

Various of the complaints were of discourtesies ruled out by the six requirements for recruiters' behaviour, which together with five tit-for-tat decencies on the part of job-applicants, constitute the IPM code. So clearly far too few people on the employers' side *have so far read the provisions,* copies of which can be obtained from the institute's Theon Wilkinson at Central House, Upper Woburn Place, London WC1H 0HX—telephone 01-387 2844.

Other letters, however, complained of two main faults which lie deeper than discourtesy.

The first is muddled administration, from which top managers tend to shy away as *the horses of the defeated King* Croesus of Lydia did from the camels of the Medes and Persians—if Herodotus is to be believed, anyway.

Now, before the recruiting fraternity fire off yet another phalanx of letters from their side of no man's land, I will say that I know how senior managers sensitive to bad administration elsewhere, are liable to be inert to its existence in their own organisations. But it surely does not matter that the other party may be equally blameworthy when shoddy administration on the part of a recruitment concern can so easily wreck its reputation with a loquacious executive of a stature which generally guarantees heedful hearing of his or her opinions.

Moreover, such muddles may be *answered* by the sort of piquant revenge which, although unknown to the recruiter, is likely to be sniggered about elsewhere. Take for example the top executive who applied for a job through a widely known consultancy and after weeks of *receiving no answer even to his* repeated inquiries, suddenly received a form thanking him for attending the interview—to which, of course, he had never been invited.

"To test them," the executive wrote to me, "I sent them the travelling expenses that I would have *incurred had I been to* their office. My thin confidence in the status and ability of such enterprises was then fully diluted when I received a *cheque in settlement, together* with a typed letter saying how much the consultant had enjoyed meeting me and looked forward to seeing me again if *another of their assignments* interested me!

"This sort of massive stupidity is beyond comment," the manager's letter went on. "I hasten to add that the cheque *was not returned but forwarded* to a charity since that firm needed penalising."

Although the consultancy concerned is known to me, I am not going to reveal its name, because I also know that it is far from the only one which lets administrative nonsense of the same ilk happen to its customers on the candidate side. Such stupidities are not only beyond comment. Any recruitment concern which is not itself stupid needs *also* to ensure that they are beyond possibility.

Charming, but...

The second main fault castigated by numerous of the letters is less damaging to middle-men recruiters such as consultancies and agencies, than to the interests of the employing concern.

"There being no point in false modesty," wrote one reader making the second type of complaint, "I feel certain you will accept my curriculum vitae as *showing that I am doing very* well. But I am ambitious to do still better, and so apply pretty often for advertised jobs that could make more for all involved *of my obvious ability in senior* management and, of greater importance, in business.

"Though I have been seen by some very charming chaps in head-hunting firms, however—*chaps who are much more* pleasant to chat to than I am, to be sure—most of them obviously knew very little about general management and nothing at all about business, on any significant scale at least.

"It astounds me that companies which need to fill senior positions and specify the need for candidates with proven records like mine, should then place the selection in the hands of people who are incompetent even to discuss the matters which any candidate worth his salt knows that he needs to *know.* They would do better to give the task to their prettiest office girl. Then at least they would not be causing able men to give up hours of their time without offering them anything worth pursuing."

While not endorsing that reader's sexist attitude, I can only agree with his main point. But in this case the responsibility for correcting the fault *surely lies, not with the culpable* middle-man recruiters—who could hardly be expected to sack themselves—but with *the* highest levels of management of the employing concern.

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Financial Director

c. £12,000

This public engineering group is managed by a talented and successful young team and is a world leader in its particular field of high-quality components. Employed capital is around £4½ million, concentrated mainly in the principal subsidiary to which the appointment initially relates. Financial disciplines are well-established and the successful candidate will be expected to maintain and improve the quality of financial and management information provided. Reporting to the Managing Director, he or she will need to be particularly strong in the fields of cost accounting, systems work and capital project planning and forecasting. Some foreign travel will be involved. Candidates should be qualified accountants aged upwards of 28 who have managed an accounting team of around 20. Remuneration is negotiable around £12,000 plus car and BUPA. Location to the west of London.

PA Personnel Services
Ref: AA34/6831/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Financial Controller

City **c. £15,000**

An established but continually growing insurance company offers excellent career prospects to an ambitious young finance executive.

The company is an important member of a long established and well known City group with wide international interests.

As a member of a small, highly motivated, management team the successful candidate will have opportunities to exercise initiative and to use financial, analytical and administrative skills.

Candidates, probably in their late 30's, should preferably be qualified accountants with a university degree. Experience in the insurance business is highly desirable and knowledge of banking, foreign exchange investments and cash management are also important.

Apart from a realistic, negotiable salary, there are other very attractive benefits.

For an application form, write in confidence showing how you meet the specification and quoting reference 2070/T, to J. H. Cobb,

Peat, Marwick, Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London, EC4V 3PD.

Financial Consultants

up to £12,000

At PA our comprehensive involvement in corporate and business consultancy has shown us that even the most sophisticated organisations value the specialised and objective advice of external experts on broader financial issues and in instances of major change. Our consultancy service to commercial, industrial and public sector clients therefore concentrates, typically, on areas of significant management concern such as business and financial planning and control, corporate financial reviews, and the design and implementation of management information and control systems.

Distinguishing features of our work are the extensive use we make of computer-based systems and the broader business know-how which we apply to every assignment we undertake, many of which are on a multi-discipline team basis. This extends into a necessary involvement in implementation and managing the process of change as it affects the company and its staff.

This is a role which will attract qualified accountants (ACA, ACCA or ACMA), probably aged 28-32, with several years experience in industry and a practical knowledge of computer applications. You must also have a broad business awareness and, since our work is international in scope, a European language would be an advantage.

Additionally, we have a vacancy for a prospective consultant, aged 26-28, seeking to enlarge on their current experience.

Development prospects are excellent.

Please write in confidence giving essential career details and showing how you meet the main requirements, to: The Personnel Manager, reference FAD.

PA Management Consultants Ltd

Bowater House, 68 Knightsbridge, London SW1X 7LJ. Tel: 01-589 7050.

PA

A member of PA International

Finance Systems Development

C.London **c. £9500 + Car**

Our client forms the Headquarters of one of the worlds most successful marketing and manufacturing organisations.

They are currently updating and standardising their financial reporting procedures worldwide, and now require a young, experienced and qualified accountant to work closely with their Group Reporting Systems manager.

You will be particularly involved in the integration of all financial and management reporting on a sophisticated computerised system, liaising with subsidiary and associate company management on a regular basis. You will also assist in the preparation and analysis of group performance results.

Ideally you will be a numerate graduate holding a professional accounting qualification, with approximately 2 years exposure to computerised systems in an industrial environment.

Ambition, self motivation and commercial acumen will be essential personal attributes within this challenging environment.

Please telephone or write quoting ref. RG 2140.

Lloyd Chapman Associates

123, New Bond Street, London W1Y 0HR 01-499 7761

Young Bank Officers

Algemene Bank Nederland N.V. is one of Europe's largest banks with a network of branches throughout the World. Owing to rapid expansion we are seeking the services of a number of experienced young bankers to augment the staff of our London offices.

Ideally, candidates will be in their mid twenties and will be qualified AIB or in the process of completing their examinations. The positions vacant will be filled by well motivated people who have wide basic experience in general banking and are now looking for early career progression together with the opportunity to extend their knowledge in a fast expanding environment.

Competitive salaries, commensurate with experience, will be offered together with benefits associated with a leading bank.

Written applications, giving brief relevant details, should be addressed to:–

P. B. Renk, Personnel Manager,
ABN Bank, 61 Threadneedle Street,
London E.C.2.

ABN

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

CREDIT ANALYST (Middle East) c. £12,500

This is a permanent appointment with a leading financial institution in one of the Gulf's major financial centres. Our client wishes to engage an experienced Credit Analyst, aged mid-to-late 20's, who will ideally have received formal training in credit appraisal techniques within an American or other international bank. The individual appointed will be responsible for reporting to senior management on proposed and existing loans. Interviews for this position will take place in London during mid April.

Please contact: RICHARD MEREDITH

INVESTMENT ANALYST £ negotiable

A leading merchant bank wishes to recruit an additional Investment Analyst. The successful applicant, aged mid 20's, will probably have a degree in Economics with a mathematical flavour, but other graduates will also be considered. Starting salary is negotiable and there is an attractive range of fringe benefits. *Please contact: PETER S. LATHAM*

STERLING MONEY BROKERS £ negotiable

Our clients, leading money broking firms, have vacancies for brokers with upwards of two years' experience in Interbank or Local Authority sections.

Please contact: BRIAN GOOCH or SOPHIE CLEGG

First floor–entrance New Street,
170 Bishopsgate London EC2M 4LX 01-623 1266

FRUSTRATED EXECUTIVE:
What's stopping you?

Wrong job? Wrong company? Wrong people? Or could it be a wrong attitude—yours? You probably don't know. Unaided, you can't be expected to. Self-appraisal isn't easy, even for those accustomed to appraising others. But we can help you. We can show you how good you are—and at what. We can help you obtain the *right* job, if you're in the wrong one. With the *right* company and the *right* people.

As for the right attitude, once you know yourself, you'll take it. You'll *manage* your career. Meet us for a confidential discussion about it. It won't cost you anything or place you under any obligation. But, if you continue with us, chances are to there'll be no stopping you!

Simply dial 01-734 0752, and ask for Donald Ham. Or write to him at

Royston Ridgeway career managing people

Kent House, 87 Regent Street, London W.1.

L. MESSEL & Co.
Breweries

L. Messel & Company wish to recruit an experienced

ANALYST

of high calibre to join a successful small team servicing institutional clients in this sector.

Evidence of experience and ability as an Analyst will be required and particular emphasis will be placed upon direct or indirect knowledge of the industry.

The position has considerable scope and an attractive remuneration package is envisaged.

Applications should be sent to:—

P. D. H. Oswald,
L. Messel & Co.,
100, Old Broad Street, London, EC2P 2HX

Under Secretaries

Senior Management in Central Government
£15,000+

A small number of senior appointments are to be made to the Civil Service at Under Secretary level. This is a unique opportunity for men and women with recent substantial experience and responsibility in an industrial, financial or commercial organisation at board, senior management or comparable level. The successful applicants will be appointed to positions in departments of state suited to their particular experience and ability. All, however, will have in common an accountability for a distinct and sizeable area of government administration with major responsibilities for decisions and management within that area, for advising Ministers on matters of national policy, and for external relationships with the private and public sectors.

Candidates should normally be aged over 40 and under 52 and, although formal qualifications are not required, they must be of the intellectual calibre of the holder of a good honours degree or senior professional qualification. Preference will be given to those who have specialised in the fields of financial control, project management and appraisal, corporate planning, personnel management and industrial relations. Some direct experience of dealing with government departments or their agencies would be an advantage.

Salary (inner London): £15238 from 1 April 1979: £16524 from 1 April 1980. The appointments, which are unlikely to be outside the London area, will be pensionable and may be permanent or, in special circumstances, for a fixed period (normally 5 years) with the possibility of extension.

For further information and application form (to be returned by 23 April 1979) write to the Civil Service Commission, Alencon Link, Basingstoke, *Hants, RG21 1JB* or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). Please quote ref G/5003/1.

Manager ~ Financial Planning

South Wales, c. £8,000

The company, part of a major group, is investing heavily in its production capacity and technology. A prime need, therefore, is high quality financial forecasting and capital project control and these form the major objectives of this position. Candidates should be in their late 20's or early 30's and must be qualified accountants from the profession or industry and should have experience of current trends in computer-aided forecasting and control. Innovative ability and the strength of character to pursue change is most important. Relocation expenses are good and career prospects are excellent.

J.H.E. Davies, Ref: 37109/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
CARDIFF: 0222-40516, *14 Churchill Way, CF1 4DX.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

APPOINTMENTS ADVERTISING
RATE £16 PER
SINGLE COLUMN CENTIMETRE

Financial Controller

Chartered Accountant with about three years post qualified experience required to take the accounting responsibility for a division of a growing international organization dealing in the leasing of capital equipment.
The work involves the general financial accounting of the division, financial analysis, transactions and cost accounting. Ability to work without close supervision is essential.
The position will be based in London but some international travel would be involved.
This position will be of interest to those earning in the region of £9,000 p.a. at present and there is also a generous range of fringe benefits.
Closing date for applications: APRIL 9, 1979.

Ref: A8733/FT.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA
A member of PA International

Financing Administrator

A major International Group, with an annual turnover in excess of £1000 million, is seeking an Administrator for the Group Financing Department at its Head Office in central London.

He/she will join a young professional team which is responsible for the Group's financing operations both in the UK and overseas, including the management of sterling and foreign exchange, project and export financing, leasing and cash management.

The successful applicant will be fully responsible for the administration of the Department and will have gained relevant experience in an International Banking or corporate environment.

The appointment offers an attractive salary and incentive bonus with the usual large company benefits appropriate to the considerable importance and responsibilities attached to the job.

Please write in confidence giving full details of your age, qualifications, career history and salary progression to date, stating the names of any organisation to whom your letter may not be sent, to: B. Cattell, Ref. 427/FT.

Whites
Whites Recruitment Limited
72 Fleet Street, London EC4Y 1JS
Offices: Bristol, Glasgow, Leeds, London, Manchester and Wolverhampton.

MANAGEMENT ACCOUNTANT

from £9,500 p.a. neg.

Diacarb Division, situated at Ndola, Zambia—part of the Boart International Group—is the principal supplier of diamond and tungsten carbide rock-drilling tools to the Zambian copper mines. Our workforce numbers approximately 350, including 35 expatriates.

We require a newly-qualified (or finalist) ACMA or ACCA, with experience in an industrial engineering environment. Reporting to the Chief Accountant you will take full charge of the management information system. An important part of your brief will be the upgrading of the present integrated standard costings system, to provide a more comprehensive variance analysis.

The position offers a challenging working environment, superb climate, and excellent social and sporting facilities.

The salary for this position is fully negotiable—and could be extended to the range £10,700-£12,000 should an applicant of sufficient seniority show short term potential *for promotion to Chief Accountant of one of the Group companies.* A 25% gratuity will be added at the end of each renewable 2-year contract.

Benefits include free furnished housing, settling-in and baggage allowances, interest-free car loan, medical aid scheme, educational and travel allowances, and seven weeks leave a year.

Interviews will be arranged in the U.K. in early May. Please write for an application form, giving full details of your experience and qualifications, and quoting reference no. 28/FT to:

Mrs. M. E. Coombes, 40, Holborn Viaduct; London EC1P 1AJ.

BOART ZAMBIA

Managing Director

MIDLANDS **at £25,000**

* A medium size engineering Group with substantial overseas interests seeks a top level executive for the position of Managing Director of its U.K. operations which have a turnover approaching £100m.

* The prime task is to provide leadership and co-ordination to a number of Divisions working in a highly decentralised, autonomous environment and thereby increase an already above-average profitability.

* A graduate, aged early forties, with General Management experience in large-scale manufacturing industry would be preferred but numeracy and drive are essential requirements.

* A generous salary, bonus and fringe benefit package is available and assistance with relocation to the Midlands will be given if necessary.

Please send short c.v. in confidence to the Group Chief Executive, Box A6696, Financial Times, 10 Cannon Street, EC4P 4BY.

Management Accountant Merchant Banking

Chase Manhattan Limited is the major unit of Chase Manhattan Bank's merchant banking Group. Our principle products are loan syndications, bond issues, private placements and financial advisory services.

You will report to the Financial Controller whose small team make up the Financial Management unit, providing high-quality management information. Progressively assuming responsibility for management information, financial planning and the financial control function, you will also provide full support in annual profit planning.

A graduate, preferably with a formal accounting qualification from a recognised body, you should have a broad training in a variety of financial and management accounting systems, including EDP systems – ideally in development rather than usage. Banking or merchant banking experience would be a distinct advantage but is by no means essential.

We offer a salary in the region of £8,000 per annum, and the substantial benefits of a major international bank which include preferential mortgage and personal loan schemes, and non-contributory pension and life assurance.

Please write with full career details to:
Janice Shiner, Chase Manhattan Bank NA, Woolgate House, Coleman Street, London EC2.

CHASE

Assistant Managers

MERCHANT BANKING

P. S. Refson & Co. Limited is seeking two additional Assistant Managers for its New Business Department.

The successful candidates will be aged 27-32, hold university degrees and/or professional qualifications and have at least three years' international banking experience. A sound knowledge of trade finance and a proven aptitude for credit assessment are essential. Fluency in foreign languages and a readiness to travel at short notice will be further recommendations.

Salary, rewards and prospects will reflect the importance attached to these positions and will satisfy the most ambitious. Please reply in confidence to:

The Managing Director,
P. S. Refson & Co. Limited,
13, Austin Friars,
LONDON EC2N 2HE.

TREASURER

Age: 35-45 **Up to £10,000**

Central London

Our client is a major public company in retailing, wholesaling and distribution. They require a Treasurer, who will operate within the Finance Division.
The responsibilities include the management of the Group Treasury function; utilising surplus funds and determining and making available additional cash resources as required. The candidate will be required to maintain close contact with bankers, money brokers and financial institutions. An integral part of the work will be to develop cash forecasting procedures.
Candidates should have an accountancy qualification or alternatively have had relevant treasury experience in a large company, banking or a financial institution.
A car and other fringe benefits will be provided.
Please send a comprehensive career résumé, including salary history, quoting ref. 973/AA to:

W. L. Tait,
Touche Ross & Co.,
Management Consultants,
4 London Wall Buildings,
London, EC2M 5UJ.
Tel: 01-588 6644.

Financial Controller

(15 manufacturing units)
c. £12,000+car

Located in London, our Client is a well known company and one of the leaders in its sector. Engaged in the manufacture and sales of fast moving consumer goods throughout the world, the U.K. operations are being restructured and a new position has been created for a Financial Controller.
Reporting to the Managing Director, the appointee will be responsible for the total Financial and Management Accounting functions. There are currently around forty staff in the Accounting departments. Of particular importance will be the need to establish improved management standards throughout the accounting activities and beyond. There will thus be close liaison with the other members of the management team to achieve greater effectiveness and profitability.
Candidates, male or female, must be qualified accountants, minimum age 30, who have had sound manufacturing accounting experience.
The ability to motivate a large team, and a decisive management style are essential.
Benefits include a car, free B.U.P.A. and a non-contributory Pension Scheme.
Please apply in writing, giving your telephone number, and quoting Ref: 920, to Peter Barnett, F.I.P.M., M.I.M.C., Barnett Keel Ltd., Providence House, River Street, Windsor, Berks. SL4 1QT.
Tel: Windsor 56723. Telex: 849323.

Barnett Keel
MANAGEMENT SEARCH

Assistant to Deputy Chief Executive

A British Group, based on London, which markets engineering products throughout the world wishes to make this new appointment. The business is expanding and the successful candidate will be required to assist a busy Deputy Chief Executive in a wide range of duties, including financial, legal and commercial activities. This would lead into a position in general management in due course.

Candidates, male or female, should be Chartered Accountants. Experience in commerce would be an advantage. Preferred age 28/34. Personal qualities in this appointment are most important. Starting salary around £9,000.

Please apply in strict confidence quoting reference 1799 to Clive and Stokes Ltd., 14 Bolton Street, London W1Y 8JL.

Clive & Stokes Ltd.
Appointments & Personnel Consultants

Good 'A' Level Results? Interested in Finance?

If you have three good 'A' levels including a mathematical subject, and are under 20 with accommodation in the London area and are interested in an opportunity in Finance, we would like to hear from you. Your on-the-job training would equip you to progress within Shell's Finance Function, and there would be good promotion prospects for those with ability, drive and initiative.

Starting remuneration would be circa £3,600 including London Allowance. Contributory Pension Fund. Free lunches. 4 weeks annual holiday. Membership of our sports and social club would be available to you, with its wide range of facilities including a swimming pool and squash courts in the building.

Telephone or write for an application form to Shell International Petroleum Company Limited, LP/112, Shell Centre, London SE1 7NA, 01-934 2828.

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SISSA

SCANINVESTMENT SERVICES S.A.

SENIOR INVESTMENT OFFICER

Scaninvestment Services S.A., Geneva, jointly owned by Scandinavian Bank Limited, London and Banque Scandinave en Suisse, Geneva, is seeking to appoint a Senior Investment Officer to assist in developing its expanding investment management and financial advisory services.

Duties will include the formulation of investment proposals for Governmental, institutional and private clients; the analysis of economic indicators and forecasting of interest and foreign exchange rate trends; shared responsibility for marketing the Company's services.

Candidates, aged 28-35, will probably already be working in international fund management, merchant or investment banking or related fields. The main qualifications required are a good degree or professional qualification; proven ability in Euro-currency and foreign exchange markets; a good knowledge of international bond and related markets and an ability to work independently.

The successful applicant will be located in London and will be expected to travel widely. An attractive salary and other benefits appropriate to an appointment in banking will be offered.

Applications, which will be treated in the strictest confidence, together with a detailed curriculum vitae should be sent to:—

Scaninvestment Services S.A.
c/o H. E. Child, M.B.E.,
Personnel Manager,
Scandinavian Bank Ltd.,
36 Leadenhall Street,
London EC3A 1BH.

A chance to make management capital out of your knowledge of

Advanced Communications in the Banking World.

NCR — already ranked among the world's top three companies in terms of revenue from computers and associated products — has earned an unrivalled reputation for the development of specialist applications. And banking is one of our most successful areas.

In order to maximise the potential of the current market — and to lay the foundations of future expansion — we are now looking for an experienced man or woman with an in-depth knowledge of computerised systems within banks, who has the commercial acumen to lead our systems sales operations.

Based in London, and concentrating mainly on the City, you will be responsible for supervising and advising sales teams selling our terminal, mainframe and communications systems to major banks.

We can offer you on target earnings of around £11,000. (By on target earnings we mean the very least you should earn in your first year of operation — most people earn a great deal more). A full range of benefits will include a Company car.

Please write for an application form giving brief career details, to:— Ann Winter, our Personnel Manager, NCR Limited, 206 Marylebone Road, London NW1 6LY or telephone her on 01-723 7070.

NCR
Complete computer systems

C&L

City c £10,000 + car

FINANCE MANAGER

Late Twenties

The Client A significant investor in shipping and real estate.

The Job To join a small headquarters team engaged in identifying new investment opportunities world-wide. Reporting to the Group Chief Executive, responsibility will be for all aspects of financial and management accounting, including the preparation of consolidated accounts. The man or woman appointed will also provide support to the Group Chief Executive on project appraisal and company secretarial work. Some overseas travel will be necessary, and the base may well move to Monaco within 2 to 3 years.

The Candidate A qualified accountant, aged up to 30. Post qualification experience could have been gained in the audit or investigation department of a major accounting firm, in a merchant bank, or as a financial accountant at the headquarters of a group of companies.

Brief but comprehensive details of career and salary to date which will be treated in confidence, should be sent to E. H. Simpson, Executive Selection Division, Ref. SF789, at the address below. Please include a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.
Management Consultants
Shelley House, Noble Street, London, EC2V 7DQ.

Kemp-Gee & Co.

Members of The Stock Exchange

are seeking an

INSTITUTIONAL GILT-EDGE EXECUTIVE

To help in expanding Kemp-Gee's client coverage in the market for Government Securities. A relevant professional qualification would be useful but the principal requirements are experience in and knowledge of the market and th ability to get on with professional fund managers. The position is an important one and the remuneration, including profit-sharing, will be competitive.

Please write, in confidence, to:

A. M. Williams, Esq., Gilt-Edge Partner, Kemp-Gee & Co.,
20, Copthall Avenue, London, EC2R 7JS

Pensions Manager

Self-administered Schemes

c.£11,000 plus car & benefits

South of England

For a prominent UK industrial group with overseas interests, having schemes for over 13,000 personnel in management, staff and operative grades. The appointed Manager will report to the Group Personnel Administration Manager, be responsible for planning and formulating the pensions policy, control the total administrative function with a staff of 12 and liaise with the funds' professional investment and technical advisers. Candidates (men and women) should ideally be professionally qualified and have at least five years' pensions management experience, probably gained at Deputy level in industry. Particular interest will be shown in candidates who include strength in departmental leadership. Age guide, late 30s/40s. Reference 148.

Please write, or telephone 01-499 2215 in confidence.

Philip Egerton & Associates
Selection Consultants
178/179 Piccadilly, London W1V 0QP

Manager Finance & Administration

Red Sea Area **c. £14,000**

For a major international corporation at its Red Sea Area office.

Reporting to the area manager, the position carries responsibility for the finance function, including comprehensive management accounting and budgetary control, as well as for office administration. Some local travel is involved.

Candidates, aged at least 28, and preferably single, should have a recognised accounting qualification. They should be self starters, with a commonsense approach, and with proven experience in accounting management.

For an application form, write in confidence showing how you meet the specification and quoting reference 2364/T, to J. H. Cobb,

Peat, Marwick, Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London, EC4V 3PD.

DIRECTOR

MICRO-COMPUTER DIVISION

EARNINGS PACKAGE c. £15,000

WITH FIVE-FIGURE BASIC SALARY

Plus Bonus Plus Car Plus Benefits Plus Plus

A highly successful, rapidly expanding and profitable systems company requires someone of the highest calibre to fill this new and top-level position. The company forms part of a substantial, well established, computer oriented group of companies, has considerable backing from that source and is staffed by strongly motivated, highly competent and ambitious professionals.

Applicants must be able to negotiate at the highest levels from both commercial and technical standpoints. They must also have extensive front line experience in mini-computers and have a well proven management track record in computer systems generally.

Salary as above, plus all usual big company extras.

Replies with curriculum vitae to:

Maidment Posner Consultants,
78 Wimpole Street,
London W1.
Reference SB2

INTERNATIONAL BANKING

CORPORATE LIAISON OFFICER

The London subsidiary of one of Europe's leading International Banks wishes to appoint a Corporate Liaison Officer to service the short-term banking requirements of its growing list of UK and international corporate clients.

The work involves a high degree of personal contact coupled with a sound knowledge of short-term financing techniques both in sterling and foreign currency. The candidate should also demonstrate an ability to converse freely on foreign exchange and allied matters.

An attractive salary and a full range of benefits are offered reflecting the importance of the position. Applications with curriculum vitae should be sent to Box A.6721, Financial Times, 10, Cannon Street, EC4P 4BY.

LEASING EXECUTIVE

An opportunity exists with an International Bank for an individual with a leasing and financial background to develop the Bank's existing leasing activities both domestically and internationally.

A legal, financial or numerate qualification is desirable although not essential.

The remuneration package includes the usual fringe benefits associated with Banking employment.

Interested candidates should provide a handwritten letter and full curriculum vitae to:—

Mr. Michael Gibbs,
LONDON & CONTINENTAL BANKERS LTD.,
2, Throgmorton Avenue, London, EC2N 2AP.

The Consultants for Trade and Industry (CTI), one of Sweden's leading management consultancies, has been commissioned to assist in the establishment and development of a national technical and economic consulting body for Tanzanian industry—the Tanzania Industrial Studies and Consulting Organisation (TISCO). The assignment, now in its third year, includes direct participation of expatriates in the operation of TISCO as well as on the job training of Tanzanian counterparts. At this stage the TISCO operations are mainly concerned with pre-feasibility and feasibility studies related to industrial development in Tanzania. Three additional consultants are now sought to join the international team already established in Dar es Salaam.

Senior Management Consultant

£12,000 pa tax free

The main responsibilities of the Senior Management Consultant are to form working teams for techno-economic studies, as well as to participate in various TISCO assignments with a special emphasis on policy, management and organisational aspects. Additionally, he will be required to evaluate industrial projects from a management and organisational standpoint and to formulate programmes for resolving potential problem areas.

A degree is essential and preference will be given to those candidates with an MBA or post-graduate studies in management-orientated subjects. Varied and practical experience of general management at an international level is a necessary requirement and this experience should be both in industry and consultancy.

Senior Consultant Industrial Financing and Investment

£12,000 pa tax free

The Senior Financial Consultant will review and analyse the financial requirements for the development of Tanzanian industry. This role will include assessing the potential availability of investment resources both inside and outside the country and the person appointed will participate in the mobilisation of these resources for specific industrial ventures. The consultant will be called upon for advice on financing options and on investment costs and practices.

Candidates should have an academic qualification in Accountancy and Economics and preferably have followed a post-graduate course in Industrial Economics or related subject. It is expected that the successful candidate will come from the field of international banking and that he will have had specific experience in project financing and investment procedures.

Industrial Economist

£12,000 pa tax free

The principal role of the Senior Consultant Industrial Economist will be to participate in feasibility studies by evaluating and advising on the viability of industrial projects in terms of rates of return and financing.

This post calls for a graduate in Economics or a related subject with extensive practical experience from economic and financial analysis of industrial projects.

All candidates should have an appreciation of both the fundamentals of industrial project development and of the contextual elements such as regional development and industrial sector development; first-hand knowledge of the Third World would be an advantage.

For each of these posts the initial contract with CTI will be for 2 years and the salary will be £12,000 pa tax free. The full remuneration package will include free housing, six weeks leave per year, vacation travelling expenses for self and family, school fees either in Tanzania or the UK for dependent children, medical insurance and other allowances and expenses; residential base will be Dar es Salaam.

Please send comprehensive career details in strictest confidence to:

Aubrey Wilson Associates (Ref: CTI), 2nd Floor, 26 Holborn Viaduct, London EC1.

Preliminary interviews will be conducted in London by CTI's representative.

cti

The Consultants for Trade and Industry

Saudia, flag carrier of the Kingdom of Saudi Arabia, has a vacancy, based in Jeddah, for

MANAGER-TAXES

Starting Salary £14,000 p.a. Tax Free

The successful applicant for this position will be responsible for the complete administration of all taxes incurred by the Airline both within Saudi Arabia and abroad, negotiating with government officials as necessary and representing the Airline at conferences and hearings. Duties will also include: ensuring that tax returns, accounting data and financial statements are submitted on time to the individual tax authorities, to conduct a comprehensive study of the tax laws and regulations of countries where Saudia employ personnel, to ensure conformity with the local laws i.e. social insurance, family benefits, expenses, allowances etc.

Applicants should have at least 6 years previous related experience and possess a Degree in either Mathematics or Accounting, and have a Finance, Legal or Administration background preferably gained with an airline.

This post, open to men between the ages of 25-45, is offered on a two year renewable contract, together with free accommodation, free and reduced rate air tickets for you and your family, 40 calendar days vacation, plus relocation allowance.

Please write giving full personal and career details, quoting job title and department number to:

Area Personnel Manager-Europe,
Department 144/2,
Saudi Arabian Airlines,
508/510, Chiswick High Road,
London W4 5SQ
Closing date: 21st April, 1979

saudia
SAUDI ARABIAN AIRLINES

Head of Budgets and Plans

East Midlands £12-14,000

A key public group in a manufacturing process industry, with a multi-million pound turnover, seeks an experienced executive to develop its planning and budgetary functions. The company is entering a phase of expansion and appropriate systems support is needed to underpin future growth.

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Financial Controller	c£7,000 + Car	Home Counties	Kearley & Tonge Ltd.
Young Finance Manager	c£6,500 + Car	Kent	New Appointments Grp.
Chief Accountant	£7,500	London	Periton Travel
Young Chartered Accountant	£7,500 + Benefits	London	Extel Group
Taxation Accountant	Neg.	Surrey	The Rank Organisation
Recruitment Consultant	£6,000 + Comm.	London	Dunlop & Badenoch Ltd.
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A.C.A.	£6,000	Romford	Clemence Hoar Cummings
Qualified Accountant or Finalist	c£6,500	West End	Saltraco Holdings Ltd.
Group Accountant	£7,000	Sussex	Eustace & Partners Ltd.
Accountant	£6,500	West End	F.T. Box A.6716
Financial Accountant	£8,000	London	Personnel Resources Ltd.
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LOMBARD

Convinced losers tend to lose

BY NICHOLAS COLCHESTER

How many executives, on being awarded an unexpected pay rise, would protest bitterly that their new salary level had made them marginally less employable? Only the chronically insecure. It is, by analogy, perhaps time that Britain faced up to the challenge of being a strong currency nation for a period. Convinced losers tend to lose.

It is perfectly valid to point out that the current strength of sterling has very little to do with a new dynamism in British industry. It is almost exclusively the result of Britain's increasing self-sufficiency in oil and *the increasing value of this* self sufficiency as the world oil price rises.

What is questionable is that a dose of artificially high exchange rate does British industry harm. It can be argued that it makes British industry adapt to pressures which it should earnestly hope, in time, to face anyway. Wishful thinking, you may say, but surely equivalent to the hope that monetary stringency will somehow prove an antidote to stagnant productivity and profligacy on the wages front.

The point of the table below is that there is no pattern to it at all. The OECD figures show that the volume of exports of three strong currency countries have gone up by three quarters since 1970 while the trade weighted value of their currencies has soared. Meanwhile the

	% increase in export volume 1970-78	% change in trade weighted exchange rate '70-78
Germany	67	+42
Japan	106	+63
Switzerland	58	+99
UK	61	−49
Italy	72	−50

exports of two countries whose currency values have halved have grown by two thirds. The extensive divergence between the currency values of the two groups of countries has not led to a divergence of export performance.

The keep-sterling-weak camp would argue that exchange rates have adjusted, quite logically, to different rates of inflation, and that without this adjustment British exports would never have grown as much as they have. The strong currency camp would argue that currency strength — and in particular those periods when hard currencies have been "overvalued" by reference to shopping baskets, productivity of labour, and other measures of international competitivity — have forced industry to invest in higher productivity, shift towards high value products, and capitalise on the extraordinary price inelasticity which high value products can exhibit.

The NEDC produced a thought-provoking analysis of export price competitivity in 1977. One of its findings was that in 1974 a ton of German mining equipment and construction machinery was selling on the international market at 2.8 times the price of a ton of British equipment. German telecommunications equipment was selling at 2.2 times the price of the British equivalent. German machine tools cost twice as much per ton. The list of German price premiums stretched right down to hosiery and knitwear, where, it would seem, elasticity reasserted itself.

Sophisticated

It may be that the average ton of German earthmover is more sophisticated than the British ton. But it is difficult to believe that price difference of this magnitude were only due to the technical superiority of German products.

Yet it is part of the British weak currency mentality that we must compensate for an inability (in certain products) to deliver on time with a price discount to encourage the customer to wait. This is a perverse sort of realism involving a fatalistic acceptance, rather than increased pressure to solve, the underlying problem.

Britain's outward exchange controls are another example of a long-ingrained defeatist attitude towards the sterling exchange rate. They should be abandoned not in the hope that this will cause the currency to falter, but to embrace the prospect that it will not. Just as Switzerland signalled recently that the days of the Swiss franc appreciation were over by removing inward exchange controls, so the UK should signal that the days of sterling's decline are over by removing the outward ones.

A legal wrangle over commodity dealing

TYING a knot in a piece of string which is stretched taught between two fixed points is one of the parapsychological feats alleged to show that there are things between heaven and earth which escape the understanding of the scientific mind. Even more impressive, however, seems to be the untying of the legal knots which can emanate from disputes connected with commodity futures. Dealers in these markets, at any one time, can find themselves involved in a "string" of seemingly interdependent contracts in which the physical commodity may never actually change hands.

Remarkable

Since the U.S. embargo on the export of commodities affected by the flooding of the Mississippi River in 1973, Mr. Justice Robert Goff seems to *have become a past master of* this transcendental and metaphyisical art. One of his more remarkable feats was reported here only on February 22*, but his latest judgment makes it necessary to return to the subject again.

This concerns the arbitration between a New York seller and a London buyer of soya beans which were to be shipped in June 1973 from a port on the Mississipi River. Mr. Justice Goff had already decided the principal legal issues of this dispute on November 30, 1978 but it was only this month that he finally decided that the sellers had lost on points. They were ordered to pay the buyers US$374,802.40 for defaulting on their contract and in addition one-half of the legal costs incurred by the buyers.

In the case of arbitration between Avimex and Dewulf reported here on February 22 the subject of the contract was soya bean meal and the contract incorporated the terms of GAFTA 100 (a standard contract of the Grain and Feed Trade Association). As the present dispute concerns soya beans, the contract incorporated the terms of FOSFA 24 (a standard contract of the Federation of Oil Seeds and Fats Association). The main difference here is that while the GAFTA contract contains a *force majeure* clause, the FOSFA 24 contract contains only a "prohibition" clause. That is, the seller is excused if he cannot deliver because the shipment was prohibited by government.

Under the GAFTA 100 *force majeure* clause it is only necessary for the seller to show that the goods intended for delivery under the contract were affected by an act of God or government.

Clause 23 of FOSFA 24 provides simply that "Should the fulfilment of this contract be rendered impossible by prohibition of export . . . this contract or any unfulfilled part thereof is to be cancelled." The judge took the view that the same conclusion should be reached on this clause as was reached by the Court of Appeal and the House of Lords in the Bremer Handel case concerning clause 21 of GAFTA 100, namely that "fulfilment is prevented when the performance of any part is rendered impossible, but that the clause operates only to cancel the contract to the extent that performance is rendered impossible."

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

The judge held that unlike the *force majeure* clause of GAFTA the prohibition clause of FOSFA *did not require the sellers to* prove that they would have been able to perform the contract had *they* not been prohibited by the Government from doing so. The sellers were therefore not obliged to prove that they actually bought the goods which they undertook to supply. They won this point but not the case.

However, the sellers had to jump over yet another hurdle. They had still to prove that the fulfilment of the contract was rendered impossible by showing that the goods in question did not benefit from either of the two "loopholes" of the U.S. embargo which made exception (and allowed the shipment) of goods which were on a lighter or which were actually being loaded when the export prohibition order was made. But this proof can be difficult when commodity sellers are "in string."

In a commodity market traders may commit themselves to selling certain quantities without necessarily covering themselves for all their sales. They may go long or short for any particular delivery period, depending on what gamble they take on the movement of prices. *Even if they are covered, it is* impossible to say which of their purchase contracts is intended for any particular sale. The contracts will crystallise only after notices of appropriation have been passed down a chain of traders.

Bearing this in mind, Mr. Justice Goff reached the conclusion that it is impossible for such a seller to discharge the burden of proof by pointing out a particular purchase contract as intended to cover the sale contract under dispute. Instead, the seller invoking a prohibition clause of the FOSFA 24 type has to prove, first, that no goods were already available to him to fulfil his contract and, second, that he could not obtain any such goods by means reasonably open to him after the prohibition was made.

This test, said the Judge, has to be applied whether or not the seller is "in string." The task is much more difficult for a seller in a "string" which consists sometimes of a chain of up to forty dealers, not all of whom are linked by identical contracts. In attempting the proof that he should benefit from the prohibition clause, such a dealer has therefore to show what goods were in fact available to him and how he has disposed of them. If he used such goods to fulfil a contract made at a higher price after the export prohibition, such allocation would be deemed unreasonable. In this particular case the sellers came unstuck by their inability to prove that none of the goods intended for the disputed contract passed through the U.S. embargo loopholes and were therefore not available to them for delivery.

This short summary of the decision skips over a number of issues dealt with in the judgment, fascinating the commodity lawyer though not necessarily the rest of mankind. It seems to me, however, that a wider issue of general interest is implied in such disputes. This is the question of whether commodity futures of this type should be treated as real contracts of sale. The commodity trade is a mixture of deals necessary for the supply of consumers and of deals which in essence are not supply contracts but bets on the movement of commodity prices.

If these two types of commodity deals, the supply on one hand and the gambling on the other, could be separated, litigation of disputes would become simpler. It is even possible that the shortening of the real chains of supply would eliminate an inflationary factor from the economy. If, as the commodity trade no doubt believes, the present arrangements do not push prices up, the separation of dealing and gambling could help them to prove the case.

In the aftermath of the First World War, when commodity prices rocketed, to describe someone as a "chain dealer" was in some countries tantamount to an invitation to lynching. In an affluent society people seem to be less excitable. Nevertheless, a fresh look at the commodity trade might prove useful to consumers and traders alike.

**Avimex and Dewulf (FT, February 22, 1979); ** Queen's Bench Division: Re arbitration between Continental Grain Export Corporation and S.T.M. Grain unreported.*

Double Negative misses Topham for National

RACING

BY DOMINIC WIGAN

A GRAND NATIONAL field of 37 or 38 runners now seems probable, with question-marks against only Spartan Missile and Wagner from the 39 declared at Tuesday's four-day declaration stage.

To many people's surprise Double Negative, a faller at Valentine's on the first circuit a year ago, joins three other Fred Rimell runners instead of challenging for this afternoon's Topham Trophy.

On Saturday, Double Negative is likely to carry 4 or 5 lb overweight in the Colt Car-sponsored National, since amateur rider Mr. Eddie Woods will be unable to make the allotted 10 st 1 lb.

Rimell, already responsible for four National winners, seems to have his best chance of another victory in the 11-year-old The Pilgarlic, one of 20 runners set to carry 10 st.

A heavy ground specialist who won some good races in Ireland before joining Rimell, The Pilgarlic seems to have come to hand at exactly the right time. Five weeks ago at Stratford, the Royal Buck gelding gave Mr. Woods an armchair ride when tying with Stormbound at level weights

Royal Frolic and Godfrey Secundus are the other two who will be representing Kinnersley. The former, carrying a top weight of 11 st 10 lb is nowhere near the force he was a few seasons back, when he lifted the Cheltenham Gold Cup. Godfrey Secundus, however, a respectable third behind Spartan Missile at this year's Festival meeting, would prefer firmer ground.

In spite of the fact that only four clear favourites have won this century, punters continue to back Alverton to follow his Gold Cup victory. Down to 6 to 1 in most lists, Jonjo O'Neill's mount can hardly be described as value at present odds, in view of the fact that only 25 per cent of the starters are likely to be lucky enough—let alone good enough—to complete the 4½-mile course.

William Hill, betting on the number of finishes make 10-14 inclusive the favourite at evens. Fifteen completed the course last year and Hill's price the 15-19 group at 2 to 1. Odds of 200 to 1 are available on 0-4 finishes.

LIVERPOOL

2.00—Melion***
2.35—Artic Ale
3.10—Vaguely Attractive
3.45—Bootlaces**
4.20—Spartan Missile
4.50—Lighter*

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.41 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Ragtime. 2.15 For Schools, Coleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Don and Pete. 4.25 Jackanory. 4.40 Tarzan Lord of the Jungle. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Perishers.

5.40 News
5.55 Nationwide (London & South-East only)
6.20 Nationwide
6.55 Tomorrow's World
7.20 Top Of The Pops
7.55 Blankety-Blank
8.30 Potter
9.00 News
9.25 The Good Old Days
10.20 Natalia Makarova: 'Omnibus' portrait of Prima Ballerina Assoluta
11.10 Tonight, including Liverpool Edge Hill by-election.
12.25 am Weather/Regional News

All Regions as BBC-1 except at the following times:—

SCOTLAND—9.41-10.03 am For Schools. 5.55-6.20 pm Reporting Scotland. 11.10 Thursday Night. 11.45 News and Weather for Scotland.

WALES—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.50 News and Weather for Wales.

NORTHERN IRELAND—11.30-11.45 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight. 11.10 Potter. 11.40 News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
2.20 pm Racing from Aintree
4.50 Open University
6.55 When The Boat Comes In
7.45 Mid-Evening News
7.55 Newsweek
8.30 Malice Aforethought
†9.25 Midweek Cinema: "The Treasure of the Sierra Madre" starring Humphrey Bogart
11.25 Late News
11.40 One Brick

LONDON

9.30 am Schools Programmes. 12.00 Little Blue. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Money-Go-Round. 2.25 Danger UXB. 3.20 Sounds of Britain. 3.50 Oh No, Its Selwyn Froggitt. 4.20 Little House On The Prairie. 5.15 Mr. & Mrs.

5.45 News
6.00 Thames At 6
6.25 Help!
6.35 Crossroads
7.00 The Bionic Woman
8.00 Robin's Nest
8.30 TV Eye
9.00 The Streets of San Francisco
10.00 News
10.30 Inside Business
11.00 Barnaby Jones
11.55 By-Election Special
12.45 Close: A painting by El Greco with music by Juan Martin

All IBA Regions as London, except at the following times:—

ANGLIA

1.25 pm Anglia News. 3.50 Give Us A Clue. 4.20 The Next Week Show. 4.45 The Beachcombers. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 9.00 The New Avengers. 10.30 Thursday Movie.

ATV

1.20 pm ATV Newsdesk. 3.50 The Electric Theatre Show. 4.20 Jonny Quest. 4.50 Island of Adventure. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Format V.

BORDER

†1.20 pm Border News. 3.50 Give Us A Clue. 5.15 Call It Macaroni. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Mr. and Mrs. 9.00 Barnaby Jones. 10.30 The Electric Theatre Show. 11.00 Power Without Glory.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 3.50 Give Us A Clue. 5.15 Survival. 6.00 Channel News. 6.10 Dynomutt The Dog Wonder. 7.00 Chips. 9.00 Hawaii Five-O. 10.28 Channel Late News. 10.32 Untamed World. 11.00 Movie Premiere: "Foreign Exchange." 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 3.50 The Rolf Harris Show. 4.20 Space 1999. 5.10 Happy Days. 5.40 Help! 6.00 Grampian Today. 7.00 Police Newsroom. 7.05 Emergency. 9.00 S.W.A.T. 10.30 Sportscall Special: Squash. 11.10 Reflections. 11.15 Farquhar Thomson Lectures. 11.45 Grampian Late Night Headlines.

GRANADA

1.20 pm Dodo. 3.50 Stars On Ice. 4.20 The Life and Times of Grizzly Adams. 5.10 Max the 2,000-year-old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Fantasy Island. 10.30 Edge Hill By-election (special report). 10.35 What's On. 11.05 Edge Hill Special. 11.10 The Hunted.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 3.50 Give Us A Clue. 4.20 Wyatt's Place. 4.45 Bailey's Bird. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Sports Arena. 7.00 Fantasy Island. 10.30 Gallery. 11.00 Sidestreet.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Seren Wib. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.25-11.55 Mennis and Her.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-7.00 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 3.50 Give Us A Clue. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 The Best Disco In Town. 7.30 How's Your Father. 9.00 Twist In The Tale. 10.30 Encore For The Arts: Moira Shearer at the Edinburgh Folk Festival. 11.15 Late Call. 11.20 Barnaby Jones.

SOUTHERN

1.20 pm Southern News. 3.50 You're Only Young Twice. 4.20 Life and Times of Grizzly Adams. 5.15 Melotones. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Southern News Extra. 10.35 People Rule. 11.05 Slazenger International Squash.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 3.50 Give Us A Clue. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 9.00 Hawaii Five-O. 10.30 Sporting Chance. 11.00 The Girl in the Late Late Show.

ULSTER

1.20 pm Lunchtime. 3.50 Give Us A Clue. 4.18 Ulster News Headlines. 4.20 The Life and Times of Grizzly Adams. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Counterpoint. 11.00 Thursday Night. 11.10 Hogan's Heroes. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.50 Give Us A Clue. 5.15 Survival. 6.00 Westward Diary. 7.00 Chips. 9.00 Hawaii Five-O. 10.28 Westward Late News. 10.30 Westward Report. 11.00 Movie Premiere.

YORKSHIRE

1.20 pm Calendar News. 3.50 Time For Dancing. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 9.00 Vegas. 10.30 Pro-Celebrity Darts. 11.00 Fantasy Island.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Talkabout. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Nigel Rees (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S), including Racing from Aintree. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Denis Tuohy (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.20 Folk Weave (S). 9.55 Sports Desk. 10.02 The Tod Rogers Show. 10.30 Star Sound Extra. 11.02 Harry Rowell with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Sheila Tracy (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer Liszt (S). 9.55 Rohan de Saram cello recital (S). 10.50 Faure and Beethoven song recital (S). 11.15 North German Radio Symphony Orchestra, part 1 (S). 11.55 In Short (talk). 12.05 pm North German RSO, part 2 (S). 1.00 News. 1.05 Bradford Midday Concert (S). 2.00 "Juha," Opera in six acts by Madetoja, Acts 1 and 2 (S). 2.50 The Sad Story of the Two Juhas (talk). 3.00 "Juha," Act 3. 3.20 Interval Reading. 3.25 "Juha," Acts 4 and 5. 3.55 Words . . . (talk). 4.00 "Juha," Act 6 (S). 4.20 Igor Kipnis harpsichord recital (S). 4.40 Rostrum 78 (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: Concert—Tchaikovsky, Elgar. 7.10 Trevor Pinnock harpsichord recital (S). 7.30 Drama Now (S). 10.10 College Concerts 1978-79, part 1 (S). 10.55 Interval Reading. 11.10 Concert, part 2. 11.35 Bach (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Just a Minute (S). 12.55 Weather; Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Preview of Radio 4 UK. 3.10 Questions to the Prime Minister. 3.35 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Brain of Britain 1979 (S). 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 City of Birmingham Symphony Orchestra, part 1 (S). 8.20 Travels of a Gentleman. 8.40 CBSO concert, part 2 (S). 9.20 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 79. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 Join Radio 2.

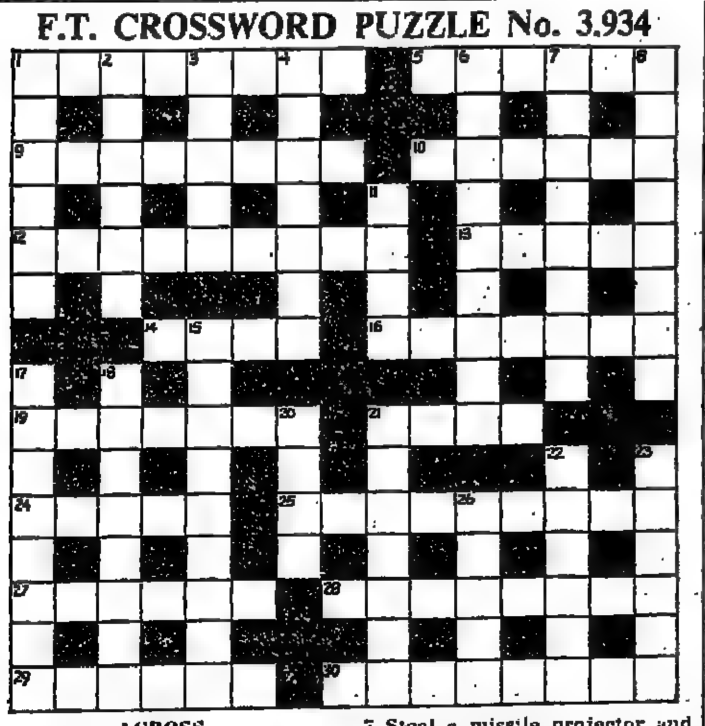
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8 pm LBC Reports with George Gale at 3 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It (S). 11.00 Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,934



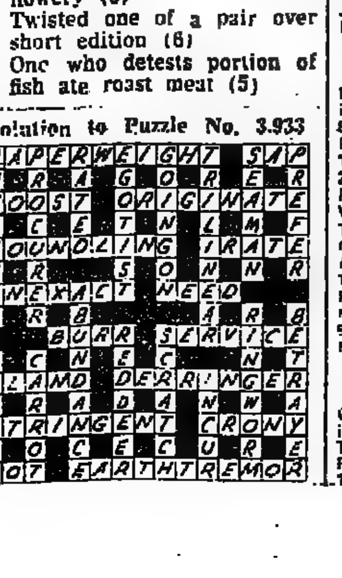
ACROSS

1 Worried about a pound saved (8)
5 Stop for a drink (6)
9 Pastoral people include a churchman and disturbed naiad (8)
10 Funnel or pipe? (6)
12 Delayed meeting on one side (9)
13 Go away on holiday (5)
14 Fat boy accepts direction (4)
16 Bristle to lubricate and keep locks in order? (4-3)
19 Primitive soldiers I'd return to state (7)
21 Buttons on one side (4)
24 A cereal or fruit of tree (5)
25 Passing breeze could be the end-all (5-4)
27 Inn, even when Pole is removed (6)
28 Actors joining club that's rigid (4-4)
29 Give fellow a note (6)
30 Surprised learner began outside (8)

DOWN

1 Firmly established Arab quarters (6)
2 Late accepting Officer Commanding in place (6)
3 Type of snake seen in summer (5)
4 Made possible for sailor to join the French in the end (7)
6 Agreeing with company mem- telling stories (9)
7 Steal a missile projector and receive applause (4, 1, 3)
8 Mount and speed away from insect (8)
11 Legend from my thesaurus? It's not true! (4)
15 A perfume put round study is rising (9)
17 Tapped fish in bed (8)
18 Notice earnest prayers on patronage of benefice (8)
20 Legal lord gets duck and game (4)
21 Small farmer producing vegetables with worker (7)
22 All for making something flowery (6)
23 Twisted one of a pair over short edition (6)
26 One who detests portion of fish ate roast meat (5)

Solution to Puzzle No. 3,933



ENTERTAINMENT GUIDE

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THE ARTS

Record Review

Böhm's Idomeneo

by RONALD CRICHTON

Mozart Idomeneo. Mathis, Varady, Ochman, Schreier/ Rundfunkchor Leipzig/Staatskapelle Dresden/Böhm. Four records in box. DG 2740 195; £14.75. Cassette 3371 043, £14.85.

Haydn L'isola disabitata. Zoghby, Lerer, Alva, Bruson/ Orch. de Chambre de Lausanne/ Dorati. Two records in box. Philips 6700 119, £8.99.

The new *Idomeneo* from Deutsche Grammophon has much to recommend it. Böhm conducts with a young man's vigour. He is particularly good on the Beethovenian sforzando accents with which the turbulent music is studded—in Elettra's first aria, to give only one example, and in the marvellous accompanied recitatives. The Verdian chromatics of Idomeneo's lead-in to the "Voto tremendo" ensemble send shivers down the spine every time one hears them. Sometimes a momentary lack of grip is perceptible. The quartet loses a little momentum before the end, and the barcarolle chorus is luxuriously slow, but not many would guess that the director of this performance was over eighty.

The cast is based on the Salzburg Festival revival of some years back, but with East German orchestra (the admirable Staatskapelle Dresden) and chorus (Leipzig Radio) instead of the Viennese ones. Wieslaw Ochman and Peter Schreier again sing Idomeneo and his son Idamante. Edith Mathis (who shared the role at Salzburg) is the Ilia. There is a new Elettra in Julia Varady and she, as it happens, is the most remarkable of the soloists.

The voice has not entirely borne out the early promise—there seems to be a certain limitation of dynamic range. Yet the quality within that range is individual and beautiful. Miss Varady suggests a contained hysteria within which the extremes of the role—between "Idol mio" and the last despairing outburst—can be reached without inconsistency and with unfailing control. Idomeneo needs a coloratura Siegmund. Ochman sings him like an Ottavio who has taken the wrong boat. Most of his singing is acceptable. Some of it, like the confession in Act 2 and the cavatina with chorus in the last act, is positively distinguished without calling up the war-weary, impetuous, conscience-wracked King of Crete.

The effort of sounding reasonably boyish beside a light-voiced father leads Peter Schreier into a cultivated mellifluousness, worrying in spite of the high quality of execution. The Ilia of Edith Mathis, bright and compact in tone, ought to make more effect than it does—she has everything except the spontaneity and naturalness of a first-rate Ilia. Hermann Winkler as Arbace (allowed one of his arias) is surely a potential Idomeneo. The Dresden orchestra is splendid, if rather narrowly recorded, the chorus makes up in attack for lack of numbers (it would well suit the lighter instrumental forces used by Roger Norrington for Kent Opera's new *Idomeneo*).

Böhm as conductor is one thing, Böhm as Mozart scholar is another. Even if, after a lifetime of Cherubinos and Octavians, he can't stomach a soprano Idamante in the theatre, what justification (apart from the commercial attractions of Schreier's name) is there for a tenor in a recording? It isn't merely the difficulty of reconciling the voices of this Idomeneo and this Idamante. There is simply too much tenor tone—Arbace and the High Priest of Neptune are *high* voices too. The advantages are the Ilia-Idamante duet, of which the later version (with tenor) may be preferred, and Schreider's honeyed singing of "Non temer, amato bene," the inserted aria with violin obbligato, unacceptable in the theatre but welcome on record when done as well as this.

Every conductor must make some choice among the embarrassing riches of this opera, but Böhm's selection is odd. "Fuor del mar" is heard in the shorter version (incomplete), "Torna la pace" goes altogether. On the other hand, Elettra's last aria (which Böhm suppressed at Salzburg in favour of the alternative accompanied recitative) is in. Not a note of the ballet music, of course, except the wee dance in the finale which is difficult to leave out. Otherwise—snip, snip go the busy, better-knowing Teutonic scissors. Yet the set spreads itself over eight not very full sides. The Philips version under Colin Davis, on six sides if not much cheaper, is still a contender.

H. C. Robbins Landon's monumental *Haydn: Chronicle and Works*, appearing in unchronological order, has now reached the volume "Haydn at Eszterháza, 1766-90" (Thames and Hudson, £30). Whether or not the documentary method is the solution for complete surveys of major figures, even those about whom such a mass of information is now available, this scholar with his unquenchable, but not starry-eyed enthusiasm, his ability to write colloquially without back-slapping, contrives to be readable and stimulating both in his own comments and in the documents he reproduces. The years at Eszterháza, with the wide variety of music they required from Haydn, are especially rewarding, but any guide to them could get bogged down in detail. This one doesn't. What is more the book, not heavy for its size, is admirably produced.

Among the works discussed the Eszterháza operas have an important place. One of them is *L'isola disabitata*, recently issued in the valuable Philips Haydn Opera cycle. This is strictly speaking not an opera but an "azione teatrale"—yet since that genre includes Gluck's *Orfeo* the distinction need not put anyone off. Robbins Landon rightly points out that such a work is ideal for gramophone purposes (I suspect he underrates the possibilities for the theatre, but that is another matter). The text, by Metastasio, concerns a gentleman (Gernando) wrecked on a desert island and suddenly abducted by pirates while separated from his wife Constanza and her young sister, Silvia. Some years later, Gernando escapes, returns in the hope of tracing Constanza, discovers her and explains his apparent treachery. Meanwhile Silvia, who has grown into an innocent, Miranda-like girl, happily pairs off with Gernando's friend Enrico.

The peculiarity of the work is that the arias are separated not by lengths of secco recitative with harpsichord but by accompanied ones of such overflowing invention and orchestral richness that they are not shamed (though the dramatic context is much less pressing) by being heard immediately after those in *Idomeneo*. With the exception of Gernando's "Non turba" in part two, and of Silvia's "Come il vapor" a little later, where we can enjoy Haydn's slyness in giving his mistress Luigia Polzelli something to exercise her voice without straining her modest talents, the arias are not all that interesting. But the final quartet, in which solo violin, flute, cello and bassoon are attached to the four singers, is a fascinating, fully-worked movement which sounds as though Mozart had somehow fused the vaudeville in *Die Entführung* with his Constanze's "Martern aller Artern."

Early this century Weingartner revived the work in a German version. His discrimination was rewarded with the indifference usually shown to those before their time. Now, after re-conversion to opera seria, we can enjoy the music without difficulty (suddenly recalling an aria-duet in which Gernando echoes the first verse sung by Constanza in a new key, I will modify the remark about the arias to "not equally interesting"). The men in this cast are the best. The ageless Luigi Alva (Gernando) is as stylish as ever, Renato Bruson (Enrico) shows that Verdi need not be incompatible with Haydn. As Silvia, Linda Zoghby sings with more character than she did last summer as Glyndebourne's Mimi, but still not enough. Norma Lerer fills Constanza's music with good, even slightly stodgy tone. Dorati conducts with muscular vitality. The Lausanne Chamber Orchestra shines both in solo and ensemble work.

Leonard Burt

Sylvia Sass and Boris Christoff

Covent Garden

Don Carlos

by ARTHUR JACOBS

Boris Christoff first appeared at Covent Garden in 1949, and in 1958 sang King Philip when Visconti's celebrated production of Verdi's *Don Carlos* was first revealed. The current revival serves not least as an occasion to salute this 30-year span in the career of one of the greater singer-actors of our time. The ageing king who walks with a cane, but who raises that cane as if to strike a presumptuous courtier—the king whose eyes flash with pride but whose power must compromise with that of the Holy Inquisition—this, visually as well as in the darkly expressive, care-laden voice, has been made by Boris Christoff into the very incarnation of the character. Its vocal range and emotional force were as striking as ever on Tuesday evening.

The renewed opportunity of relishing this interpretation almost excuses the weakness of Covent Garden in continuing to present the work not in its original French but in the conventional Italian translation. (This is odder when the management's general pursuit of original languages has recently extended to *Eugene Onegin* in Russian.) Even King Philip's "Ella giammai m'amò" gives a sense false to the original (the king's complaint is really "She loves me no longer," not "She has never loved me"), while in Princess Eboli's Veil Song it is impossible for a singer to make sense of both words and music together.

An impassioned total performance such as this one can admittedly thrust the question of language into the background, but a more alarming threat presented itself. It was announced that less than full scenery would be used "because of unwillingness of members of the stage staff to operate the scenery cloth store." It was evident, however, that few if any of the public availed themselves of the offer of a refund for their tickets. The reduced scenic presentation was, with the solitary exception of a daylight garden scene against an incongruous black back-cloth, quite acceptable, with Visconti's production now capably supervised by Christopher Renshaw.

Of the other principal performances, none quite matched Christoff's, or indeed matched memories of some of Covent Garden's former interpreters. Renato Bruson is an Italian baritone of distinguished vocal line, with a tone inviting one to close one's eyes and sink into enjoyment of disembodied sound—but this was not the commanding, resolute, heroic figure of the Marquis of Posa, such as Tito Gobbi unforgettably portrayed. Making his Covent Garden debut, Vasile Moldoveanu as Don Carlos was disturbingly off-pitch at first but later had moments of good, forthright singing.

Elizabeth Connell, one of the most interesting performers on the regular strength of the English National Opera at the Coliseum, was happily engaged as Eboli. Not all the coloratura of the Veil Song was quite accurately placed, and she has not yet managed the development of a purely decorative character into that of a scorned, vengeful woman, but the radiant tone and attractive personality promised well. Her fiery "Trema per te" sparked off an exciting trio in her confrontation with Posa and Carlos.

At her first entry as Elisabeth, Sylvia Sass had shown—in a phrase of great pathos climaxing on a high G—her command of line and of soft, "covered" tone. Alas, this tone was an expressive device which she made tedious by over-use, along with what organists might call a "swell pedal" effect of increasing volume to a high note and then decreasing it. Coupled with a sort of sleep-walking demeanour presumably meant to signify the character's repressed torment, it amounted to a disappointing performance from an artist previously much praised.

Gwynne Howell admirably conveyed the sinister force of the Grand Inquisitor, and the choral part and minor roles came over strongly. It was a pity that Malcolm King should lack a sufficiently firm low F sharp for the role of the mysterious monk, but the participation of Tom McDonnell (peasant), Diana Montague (page), John Dobson (Lerma), Norman Welsby (herald), and Teresa Cahill (voice from heaven) was of the proper Covent Garden standard.

The conducting of the 29-year-old American, James Conlon (not even born when Christoff first conquered operatic London) confirmed the high opinion raised when he recently conducted the London Philharmonic. He opted for a longer version of the opera than is usually heard, including the chorus of distressed peasants at the beginning and an additional, martial section in the final duet of tragic farewell between Carlos and Elisabeth. If he did not extract the full electric charge from he score, he displayed its idiom with feeling and without vulgar showmanship, giving consideration to the soloists and coaxed the orchestra to some fine playing.

Arts, Cambridge

The Constant Wife

by B. A. YOUNG

As the biographies mount up, so the autobiographical content of Maugham's *The Constant Wife* becomes more and more evident. Susie Caulcutt, the designer of this production, has removed any doubt that Constance Middleton is Syrie Maugham by having all the furniture of the Middleton's Harley Street drawing-room re-covered in white as soon as Constance goes into the decoration business.

Maugham's theme, that wives should have as much freedom for infidelity as their husbands, can shock us no longer, infidelity being so seldom taken seriously. But *The Constant Wife* is still an elegant little comedy, even if it does threaten to come to an end in its second act, when John's affaire with Marie-Louise has been sorted out by the complaisant Constance, leaving the third act only to make the requisite balancing point and mop up the spare characters. It looks back nostalgically to the days when comedy meant funny lines as well as funny situations, and it is a pleasure to hear Mrs. Culver say things like "Frankness is a very efficient screen for your thoughts," even if Margaretta Scott does sometimes say them in a tone better suited to the hustings than the drawing-room.

Susan Jameson keeps Constance down to a decent wifely level with no hint of the superwoman about her, so making her views on wifely conduct seem even more outrageous. For me there is a special charm in plays whose characters are mature, thinking adults. Nowadays heroes and heroines tend to be young and inexperienced. If little Marie-Louise, John's mistress in the play, were to express Constance's ideas in the comic child-like lisp Pamela Moiseiwitsch has given her, they wouldn't shock anyone. Coming from a reasonable upper-middle class lady, they are a torpedo launched at society, as represented by Trevor Baxter's sensible middle-aged John. Dallas Adams too, rather than play Bernard Kersal to match the green romance of his lines, makes him a commanding Colonial with a voice designed for shouting at coolies.

All the women look ravishing in their 1927-ish clothes and cloche hats off the face, and Sheila Hancock, the director, knows how to take advantage of a script involving five smart, wealthy ladies. Even Miss Scott, playing the grandmother of a 15-year-old, gleams in her silver turban for Act One as a beacon for the foolish generation so reluctant in their praise of older women.

Theatre Upstairs

Young Writers' Festival

by MICHAEL COVENEY

There are five plays by teenage writers in this year's Royal Court Young People's Theatre Scheme festival and, as usual, the blessings are mixed. Directed by Philip Hedley and Mervyn Willis, a young professional company captures perfectly that inevitable mixture of callow gawkiness and end-of-term high spirits. Best of all, perhaps, is a comic-strip fairy-tale finale which lasts all of fifteen minutes and has been scripted by no less than thirteen hands. What is more, *all thirteen* have, apparently, assisted Mr. Hedley in the direction of *Humbug*. The piece is quite fun, but rehearsals must have been a riot.

Elsewhere, Douglas Parkin's *Miracles Do Happen* shows what vicars get up to while their wives are off discussing the church funds. They drink gallons of whisky, play strip poker and listen to rotten poetry. The wives are a lively lot, one of them excusing her indiscriminate laughing fits with the disturbing line, "It must be my Gordon rubbing off on me."

Paul Lister's *Island* is the "most promising" of the bunch, with three "inner city products" pelting motorway traffic with anger and garbage from the central reservation. I doubt if Mr. Lister (aged 19) has seen any plays by Stephen Poliakoff or Peter Flannery, but former teenagers such as myself may be forgiven for hoping that his vision does not coagulate too quickly into fashionable faddism.

Julia James (aged 15) has contributed a bright classroom piece for stroppy fourth-form girls, while a two-hander by Mark Power (aged 18) exhibits a felicitous turn of phrase every now and then but is a little dull in its build-up to violent fall-out between two college boys. The designs, by students at the Central School of Art and Design, are deliciously ingenious and there are good performances from Brian Attree, Laurance Rudic, Catherine Hall and, especially, Anita Dobson.

Logan Hall

The Jacobin

by ELIZABETH FORBES

Bohus, the so-called Jacobin of Dvorak's opera, is no bloodthirsty revolutionary, but a Bohemian exile who escapes from Paris with his wife Julie and returns to his native town. There he discovers that the Count his father is about to hand over his lands to Adolf, cousin to Bohus and nephew to the Count. Adolf is the only person to recognise the missing heir and he has him imprisoned. But Julie, by singing a lullaby that Bohus' mother used to sing to him, softens the old Count's heart and father and son are reconciled. Adolf, in his turn, is banished.

Dvorak's score is saturated with Bohemian folk music, some of it sad or nostalgic, as in the lullaby or the duet in which Bohus and Julie remember the songs of their childhood; some of it rhythmical and bright, like the fleeting ensembles for Benda, the local school-master, his daughter Terinka and Jiri, the young forester she loves. Together with Filip, the humorous but slightly sinister Steward, who also fancies Terinka, they form a sub-group that in the second act threatens to swamp the main characters.

The scene where Benda rehearses the children in the serenade he has written to welcome the Count makes delightful comedy, Benda naturally prefers the rich if elderly Filip to the young but impoverished Jiri as a son-in-law, but he does not dare to discourage Jiri too much—he is a tenor, and tenors are scarce. The concert performance given by the Chelsea Opera Group in Logan Hall on Tuesday as part of the Camden Festival brought out much of the beauty and originality of Dvorak's melodies, but it also pointed up the composer's poor dramatic pacing. Nearly every number seemed to continue just a fraction too long.

Antony Ransome made a sincere, not always vocally steady Bohus. Ann-Marie Connors sang the lullaby most sensitively and, in the duet with Roderick Earle's sad-hearted Count, introduced a note of real, touching emotion. Marie McLaughlin's delightful Terinka was well-matched by the lyrical-voiced Jiri of Keith Lewis. Graeme Matheson-Bruce rehearsed his serenade with great good humour — the COG Chorus and the Choir of Camden School for Girls responded heartily — while Roger Bryson and Jacek Strauch, as Filip and Adolf respectively, did what they could with a pair of half-hearted villains.

Stephen Barlow, conducting the eager COG Orchestra, obtained alert if not always very smooth playing. The opera was sung in an English translation by Alan Reddish and Hilton Kelliher that had the merit of clarity though its phrasing was not exactly elegant.

Elizabeth Hall

Mikhail Pletnyev

by DOMINIC GILL

Mikhail Pletnyev (b. 1957) istissimo filigree and thunderous

the young Soviet first prize-winner of last year's Chaikovsky Piano Competition in Moscow. His playing breathes "competition prize" from every pore. He has a stunning finger-technique: as he showed us first on Monday night at the Festival Hall in Chaikovsky's B flat minor concerto, and the following evening again in a debut recital, pres- blitz-octaves can, with the right reflexes and training, be made to sound as easy as a five-finger exercise.

Below the surface of the notes, however, the performances were unremarkable. His Bach E minor Partita had all the conventional virtues of clean articulation and pedalling, clear voice-leading, as well as all the conventional weaknesses of wooden phrasing, dull rhythms, unfocused dramatic line — all the marks of a brilliant technical schooling, but few traces of a substantial, original, poetical voice.

The efficiency with which he delivered the bars, then the longer phrases, and finally whole movements of Beethoven's sonata op. 111 was truly admirable; but it had the unmistakable accents of a *taught* performance, not at root, at heart, the pianist's own. His Prokofiev seventh sonata likewise was muscularly brilliant—but emotionally clouded, of little tension or centre. I look forward to hearing Pletnyev again: but after he has stopped training, and started to think, and listen, and play.

Elizabeth Hall

Lassus Ensemble

The problem of presenting liturgical music in the concert hall is not, I am convinced, the familiar one of church versus concrete: the atmosphere churches add is all too often anachronistic and spurious. The difficulty is that of condensing music meant to intersperse a ritual into a continuous sequence. The rite, with its pauses, speech and chant gives the music a context which the concert hall cannot.

The London Lassus Ensemble in the Elizabeth Hall on Monday night presented all the music by Lassus which would have been heard in the two long Tenebrae services on the evenings before Maundy Thursday and Good Friday. We heard a beautiful counterpoint of lessons and responsories—18 for each day—but without the psalms (sung, at any rate in the Roman usage, to monotone) which would have prefaced each of the three "nocturnes," and heightened the power of the polyphonic settings in them.

As it was, even the chanted lessons were sensibly cut: attention was focused on the polyphony of the Lamentations (in the first nocturne) and of the Responsories (in the second and third). There was still far too much to take in; I was exhausted by the notional end of Maundy Thursday. The music, grave but deeply expressive, was superb in a way quite distinct from the passion and drama of Victoria's settings. Clive Wearing, conducting, maintained the flow well: he brought out the suavity of the sensual kiss of betrayal, the fierce insistence of the plotters' cry "venite mittamus lignum in panem," the tortuous scheming of the elders.

His choir could have blended better, especially the soloists in the versicles and the plainchant group. Stephen Varcoe was a dignified cantor. Fortunately, no effort was made to imitate the ritual of the Tenebrae service: I had visions of the electric lights of the Elizabeth Hall being extinguished one by one, but the liturgical drama was played out against a hard, bright glare.

NICHOLAS KENYON

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Competition and the law

COMPETITION policy in this country, unlike that of the U.S. and some European countries, is not predicated on the belief that the competitive system should be upheld at all costs. The UK policy-makers have always recognised that the economic benefits of concerted action or concentrated market power may on occasion outweigh the economic disbenefits. Neither has the development of policy, and the decision in particular cases, been based solely upon economic considerations. The promotion and maintenance of competition has to be weighed against other policy considerations such as employment, external payments, or regional policy.

But where particular categories of anti-competitive practices have been found to operate invariably against the public interest, they have either been banned outright or subjected to judicial prohibition unless a case for exemption can be demonstrated on the basis of certain statutory criteria.

Cartels and certain other forms of collective discrimination relating to the supply of goods were legislated against on this basis in 1956; and the restrictive practices legislation has since been extended to the fixing of resale prices by suppliers, to information agreements, and more recently to the supply of commercial and many financial services.

Pragmatic

This pragmatic approach, using the courts where justiciable issues could be identified and administrative investigations by the Monopolies and Mergers Commission where no *a priori* presumption about the public interest can be made, has stood the economy in good stead. Together with trade liberalisation, it has helped to create a more competitive industrial climate and promoted efficiency.

But it has meant that the scope of the UK restrictive practices legislation is defined in terms of the form of anti-competitive arrangements, rather than their purpose or effect as in the U.S., West Germany, and—in particular—the EEC. As a result, some agreements caught up in the legislation have no significant effect on competition, while other anti-competitive arrangements are excluded.

British membership of the Community has naturally prompted discussion as to whether we should align our system upon that of the EEC. The inter-departmental review of competition policy, whose second report—on restrictive trade practices policy—was published yesterday, sensibly rejects this argument. There might have been a case for adopting an effects based system if we were starting from scratch. To change over now would be a major upheaval, and would create widespread uncertainty for business particularly for the service sector where the existing legislation is in process of being applied.

Adverse

There is, however, a case for tidying up the UK restrictive practices laws in the light of experience here and in the EEC. Some of the inter-departmental committee's recommendations were under active discussion a decade ago—for example, powers to add to the list of *per se* prohibitions, collusive tendering and other practices which have been consistently found to operate against the public interest, and the power to order the cessation of others in particular instances after an adverse finding by the Monopolies Commission. Other recomendations — such as tougher sanctions against unregistered restrictive agreements and stronger investigatory powers for the Office of Fair Trading—have been prompted by more recent events.

The more controversial parts of the report deal with the question of balancing the more recent claims of industrial policy with those of restrictive practices policy. On the whole, the committee adopts a sensible—that is, pro-competition policy—line. It could save both time and costs if the Director of Fair Trading were to have the discretionary power to approve or condemn agreements where the issues are clear cut, subject to appeal to the Court not only by the parties concerned but also by others whose interests might be harmed by an agreement.

Arbitrary

Widening Ministers' existing power to exempt agreements of "national importance" from the processes of the law is another matter. It could create a privileged class of restrictive agreements, based upon arbitrary political judgments. There is no reason why agreements which are claimed to offer major offsetting economic benefits should not be subjected to the same tests as others, particularly if the OFT were to be given the power to vet agreements before or, where agreed, in place of the full judicial process.

Portugal needs stability

THE RESTORATION of Portuguese democracy has been widely, and rightly, admired by other Western countries. Few people, however, would deny that governing the country has been a rather thankless task over the past three years. The country's intractable economic problems, due partly to the revolutionary excesses of 1975 and partly to long years of neglect under Dr. Salazar's dictatorship, have made substantial foreign aid indispensable. But none of the four Governments since the first democratic elections in 1976 has so far possessed the combination of determination and broad political support required to push through the unpopular measures necessary to put the country firmly back on its feet.

Armed forces

With no single party commanding a Parliamentary majority, successive Governments have had to steer a precarious course. Left-wing policies risk the disapproval of the ever-watchful Armed Forces, while a tilt to the right is bound to alienate the powerful Communist-dominated trade unions. The difficulty of undoing some of the damage done in 1975 has constantly been underlined, for example, by the problems of agrarian reform. Less than two weeks ago, the present Government of independent "technocrats" led by Sr. Carlos Mota Pinto was shaken by the resignation of a minister demoralised by persistent Communist criticism of his attempts to return collectivised land to its former owners. Now Sr. Mota Pinto has tendered his own resignation following the defeat of his austerity budget in Parliament last week.

In addition to his other problems Sr. Mota Pinto has to face the deep suspicion of the political parties, which remain unconvinced of the democratic credentials of his independent non-party Government. Nevertheless, it is not clear that they really intended to bring him down by rejecting the budget last week. Not only are they divided among themselves, they were also unsure of each other's intentions when the budget was put to the vote. That being so, and given the lack of any obvious alternative, President Eanes has probably acted wisely in refusing to accept Sr. Mota Pinto's resignation.

Whether he likes it or not, President Eanes has been forced to assume a greater share of responsibility for running the country since the end of party Government last year. Earlier this month, he found himself obliged to issue a reminder that the reason for his appointment of Sr. Mota Pinto was the failure of the elected political parties to agree on a governing formula. Reaffirming his support for the Government's stand on land ownership, he made the perfectly fair point that he was accepting risks of unpopularity that the political parties "would not or could not accept."

So long as the parties are incapable of forming a Government, and there is little enthusiasm for new elections, the most sensible course is for Sr. Mota Pinto to try to carry on. Elections would be unlikely to alter the political line-up significantly and would almost certainly fail to produce a majority Government. Under the Constitution, elections have to be held next year in any event, and few people in Lisbon want to have to go through the process twice in twelve months.

Compromise

Another reason for Sr. Mota Pinto staying in office is the need to re-negotiate Portugal's economic policy commitments to the International Monetary Fund so as to make fresh international finance available. The fund is unlikely to resume negotiations in Lisbon until the disputed budget and fresh economic guidelines have been safely adopted.

It should not be impossible to work out a compromise solution on the budget, which Sr. Mota Pinto has now agreed to resubmit to Parliament next month. In recent days, rumblings have once again been heard from conservative elements in the armed forces. Portugal cannot afford itself the luxury of yet another political crisis.

Nordic pulp and paper: trouble mounts

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

THE WORD "crisis" has been quite commonly used in the past few months in talking about the Swedish and Finnish forest industries. The recent improvement of the prices and export earnings of pulp and paper have not put an end to that. Governments have been forced grudgingly to rescue one or two of the most exposed companies, and greater state involvement of some form or other appears to be inevitable. The managing director of Sweden's largest pulp and paper group, Mr. Bo Rydin of Svenska Cellulosa (SCA), recently called on the Government to take a stake in the pulp-making industry.

Attitudes are coloured by the severe profit slump almost all the mills have experienced in the past three years, but the anxieties of company managers have deeper roots. The long-term problems they foresee stem from the attack on their traditional European market by North American and other competitors operating in more favourable capital, raw material and cost conditions.

Traditionally the Swedish and Finnish pulp and paper industries have been the domain of private enterprise with very few State-owned companies, but the present structural problems have prompted political demands for greater public control. They have come from the Swedish Social Democrats, the Swedish Paperworkers' Union and the Finnish Communist Party.

Finnish Social Democrat Ministers, who have been reluctantly drawn into a dialogue with leaders of the industry during the past year, see a need for considerable State assistance. It would be politically difficult to provide it on the industry's terms and to avoid some form of State participation, they say. However, the non-socialist parties' gains in the recent election could enhance the companies' chances of getting financial relief without direct State involvement in the business.

Both the Swedes and the Finns are also sensitive to the possible reaction from the European paper industry and from the EEC Commission in Brussels to the strategic decisions that they may make. The advantages of the two countries' free trade agreements with the EEC, they say, need to be consolidated, not put at risk.

Conversely, at a time when the Commission itself is probing the state of the EEC paper and board industry, and the French Government, for instance, is anxious to restructure its own industry, the situation in the Nordic countries must be of prime interest. These countries are still the largest source of EEC pulp and paper imports.

Last year's report by the Boston consulting group on Swedish industry has been harshly criticised by the manufacturers for categorising forest products among those branches which were in decline and could not contribute to long-term economic growth. The critics argue with some justification that the Boston group underestimated the opportunities for a more efficient and profitable exploitation of the available wood resources by making products involving a greater depth of manufacture.

But the group's approach, emphasising corporate economics and the competitive situation of Swedish companies, did spotlight some weaknesses in the pulp and paper companies, if it is assumed that they will continue to operate in market economy conditions. These deficiencies have since been underlined by the Finnish consultants, Jaakko Poyry. Poyry's basic aim was to compare the Nordic companies with the North American. The Finnish consultants' major findings are illustrated in the accompanying diagrams.

They show that with the exception of 1974 the Americans and Canadians have achieved a higher return on capital employed and that the gap widened in 1976 and 1977. They managed this with consistently lower capital expenditure. The most significant diagrams are those showing the ratios of liabilities to sales and the valuation of forest land in the companies' balance sheets. By 1977 the net average debt of the Finnish companies was greater than their annual sales while the Swedish companies had a debt ratio of around two-thirds of sales compared with the 30 per cent of the North American companies. To balance the liabilities in their balance sheets the Finns have written up the book value of their forest land to a point where Arctic forests with slow growing pines are booked at six times the value of forest plantations in the southern U.S.

The Finnish companies claim that the book value accurately reflects the true market value, a circumstance which only reflects the social conditions under which they operate and the high cost of their raw material. Mr. Aarno Esila, the vice president of Poyry responsible for the study, calculates that wood under bark costs $35 per cubic metre at the mill in Finland, compared with around $20 in the southern U.S.

Poyry's charts do not adjust sufficiently for the differences in accounting methods in the Nordic countries and in North America. They also depict an average while several Swedish and Finnish companies, particularly those that invested in the right products at the right moment in the business cycle, have the financial strength to underpin their confidence in the future. All the same, Poyry's study helps to explain the pressure for greater state involvement.

The Nordic mills' dilemma lies in the conjunction of high wood prices and a low dollar rate. (All the pulp and about one-third of paper and board products are tied to dollar prices.) Wood costs have been inflated by several political and social influences, including the intention to keep farmers' living standards commensurate with those of industrial workers, high taxation, and changes in ownership patterns. Particularly in Finland these have resulted in forest land becoming a secondary source of income rather than a primary one.

Even for those Swedish companies, which possess substantial forests of their own, high labour costs and the heavy investments in mechanisation make wood harvesting an expensive business. Mr. Lars Sundblad, managing director of Iggesund, calculated recently that a Swedish mill producing 250,000 tonnes a year of bleached sulphate pulp would earn SKr 100m (£11.4m) a year less than a comparable U.S. mill.

When these factors are combined with the slower growth rate of trees in the northern climate, the Nordic producers start with a significant disadvantage. It has been made worse recently by the decline of both the U.S. and Canadian dollars. The two factors together have eroded the advantage of the Nordic mills' lower transport costs to the European market.

The mills have been helped by the devaluation of the Swedish krona in August 1977 and of the Finnish mark in February of last year. As the sources of the largest net export incomes of both countries they would prefer their Governments to operate more flexible exchange rate policies, but the requirements of other industries and the need to contain inflation make consistent devaluation policies impossible.

The logic of the situation calls for the mills to exploit the quality of their long-fibre wood by producing paper and board varieties which require a higher degree of processing. Printing papers are one example. Thermo-mechanical pulp offers a more efficient use of the wood than does chemical pulp, but it also takes far more energy. Both courses would involve heavy capital investment and the production of higher processed paper raises a delicate trade issue. The European paper makers already complain that the Nordic mills sell them expensive pulp at the same time as they hold down the prices of their competing paper products. Any Swedish or Finnish company investing in a new paper product will insist that it does not intend to disturb the European market for that product.

Some companies are planning new investments. SCA has several projects close to the decision stage. Stora Kopparberg and Papyrus have announced their intention to invest in new plant to make magazine paper and lightweight coated paper. In Finland Rauma Repola is expanding and modernising its paper and machinery.

When discussing the future of their companies and industry, most Nordic paper makers sooner or later return to one preoccupation: how to generate the capital needed to keep their plants competitive. This year promises much better profits, but more than one good year is needed to restore the finances of many companies. Dr. Klaus Waris, a former governor of the Bank of Finland, recently calculated that Finnish pulp and paper mills needed a capital injection of FM6bn (£750m) just to consolidate their finances at the Swedish level. With interest charges on their debts averaging roughly 10 per cent of their sales few Finnish companies were in a position to invest.

If devaluation is discarded as a solution, the tax reliefs which the industry has been urging the Finnish Government to provide would be insignificant compared with Dr. Waris's figure. The abandonment of turnover and energy taxes would give the companies FM500m a year. The new Government to be formed after the general election will have to concern itself seriously with the capital problems of the forest industry.

So far only one company, Kemi, has been taken over under a formula which left the State holding 49 per cent, the Bank of Finland 3 per cent, and the commercial banks the remainder. But a large part of the industry already has bank loans granted to it well beyond normal banking risks. This could not have happened without the tacit though not formal approval of the Bank of Finland.

In Sweden the Liberal minority Government is not interested in State participation but is being forced to take holdings in NCB and Sodra, the companies owned by the farmers' co-operatives. The restructuring of these companies is expected to cost over SKr1bn. Apart from this forced intervention, the Government would prefer to let market forces determine the future shape of the industry.

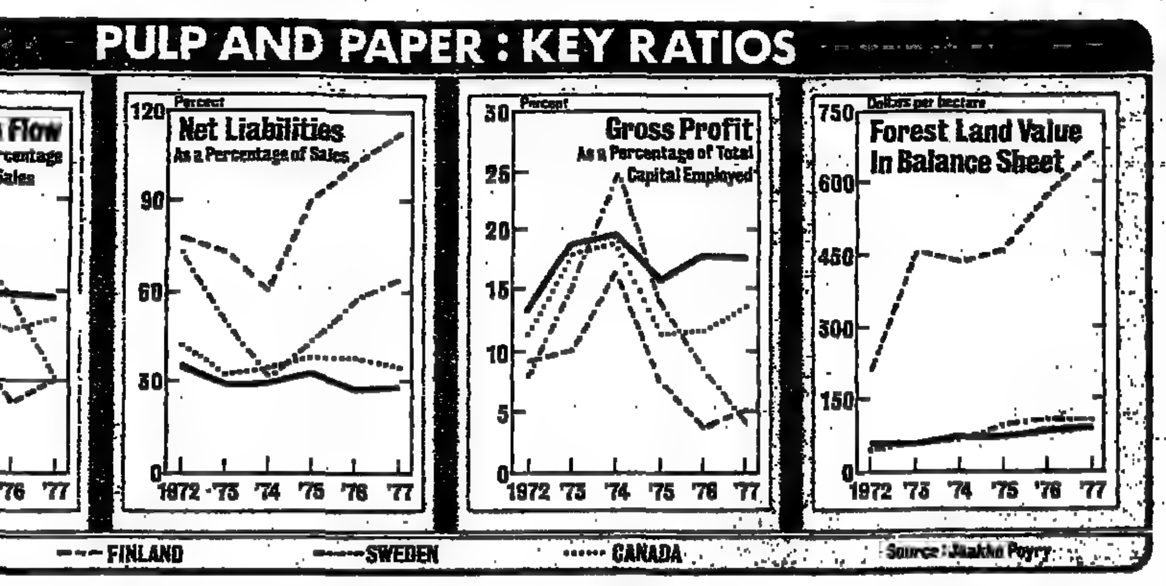
An analysis undertaken by the Ministry of Industry, however, concluded that the 20 largest Swedish companies would need to spend some SKr17bn in the next five years on rationalising and modernising and on the establishment of new plant producing higher quality products, if they were to remain competitive. It put the total capital requirement, including investments in supporting sectors and the costs of mergers, at SKr40bn.

It is against the background of these figures that the surprising suggestion of Mr. Rydin, SCA's managing director, that the state should help bear the costs of pulp manufacture must be seen. Mr. Rydin's point is that on the basis of current wood prices and the present dollar rate it simply does not pay companies to invest in new pulp mills or in modernising existing plant.

At the rate of SKr 4.90 to the U.S. dollar which existed briefly after the devaluation of the krona in August 1977, the Swedish pulp mills could operate at profit, Mr. Rydin calculates. Since then the rate has fallen to SKr 4.36. If the Government is not prepared to change the rate again, it should be ready to invest public funds in pulp production, he argues.

But it is doubtful whether the present Government or the Social Democrat one which could replace it later this year would be prepared to subsidise the forest industry by financing the unprofitable part of its production. It could have undesirable repercussions in Brussels.

The Swedish and Finnish forest industries contain many companies which are still healthy and vigorous. At the same time it is evident that the industries as a whole are badly stretched financially and have to cope with competitive disadvantages arising from their Governments' social policies. The situation is almost certain to call for greater state involvement but the exact shape of this involvement has yet to emerge, partly because both countries have either had or will have a general election this year, and partly because the reaction of the industry's European customers has yet to be gauged.



MEN AND MATTERS

Getting on the inside track

Industrial spies, according to a Thames Television programme being broadcast tonight, have shed their binoculars and come in from the cold. No longer content iwth the inconveniences of burglary and microfilming, today's industrial spy is disguised as a market researcher.

Using a variety of "platforms" (poses), these "researchers" will rarely disclose who their real clients are. Having gained the confidence of a company—on the basis, perhaps, of representing Canadian health fod stores or Yugoslav banana importers—they report back what they have gleaned to principals who may be rivals or companies intent on a takeover.

Such, at least, is the sinister picture being presented by Inside Business, a programme which, it must be said, has a reputation for doing its homework.

One of the results has been a fat dossier, naming names, which has been examined by a select band of British Institute of Management officials. Yesterday, the BIM admitted to me, "some" of the companies named were members and "the sort of people who would not want to be identified with this sort of operation." Although the BIM co-operated with the programme, it was not, however, going to be involved in a witch-hunt, and had no idea how widespread the practice was.

Anxious to steer a course through the libel minefield, Inside Business has also avoided publicly naming names, but reporter Peter Gill tells me: "We are totally confident of our sources because they have provided chapter and verse." The programme includes an interview with a victim.

At least two of the market research companies named in the dossier are fairly large and well-known, but yesterday the industry poured a steady stream of cold water over the notion that it was making espionage respectable. Bill Schlackman, chairman of one of the larger market research companies, told me he might well use "indirect methods," such as having someone stand outside a warehouse to count the lorries going in and out.

But unethical methods were not worth the risk to above-board companies. The most popular and effective illicit way of gaining information, says Schlackman, is still getting your own man into a company, or paying the accountant, or hiring a key executive. "That is what I would do, if I were in industrial espionage—which I am not."

Post haste

Our cartoonist's notion of post delays being stopped by posting the postmen's wages appeared, yesterday, to be prophetic. Just before midday the National Westminster Bank telephoned to say it had just received research material from its brokers within hours of its being posted—the same morning. What was more, the envelope had no stamp on it, and the postman requested 14p.

"We're not saying that all mail is being delayed," the Post Office told me smuggly, adding that it is still not entrusting the wages to the post—the workforce is paid in cash or by direct debit.

"He says those are his Distinguished Strategic Retreat Medals"

Opting out

The younger generation in Yugoslavia thinks the ideal place to live would be Switzerland run on socialist lines. This fairly ambivalent desire has just been revealed in Borba, the Belgrade daily which speaks for the ruling League of Communists.

The paper has been remarkably frank about the results of a poll taken among 2,100 young men and women by a Marxist study centre. Fifty per cent of those questioned said they would like to live in a western country; only nine per cent opted for a communist country; and one-third were discreetly without an opinion.

When asked specifically where they would like to live purely on the basis of the social system, 31 per cent were for socialism and 29 per cent spoke out for capitalism.

This rather narrow margin, coming from a generation raised under Tito's relatively free-wheeling ideology, was described by Borba as "deeply contradictory"; since the kind of country the young people wanted just did not exist, it was essential to look for "compromise solutions." The paper might also have added that no other communist country would have published such a poll.

Gone missing

A recent happening at the National Army Museum in London demonstrates the effect the soaring value of historical manuscrips is having upon major public collections. In December, the papers of General Sir Eyre Coote (1726-1823), which had been on loan to the museum, were withdrawn by the owner and put up for auction. They were sold earlier this month for £30,000—and their whereabouts is now unknown.

The fact that the papers auctioned were the same as those formerly in the National Army Museum was spotted by Dr. Piers Mackesy, a military historian at Pembroke College, Oxford. He tells me: "The collection is very important. It would be the g reatest pity if it were to be made inaccessible for some years, and worse still if it simply disappeared." General Coote fought in the American War of Independence, in the West Indies and in Egypt.

Mackesy argues: "The principle of selling historical manuscripts to an undisclosed buyer seems to me to be pernicious." If a major collection, such as the Coote papers, goes abroad, a microfilm must be deposited in the British Library. But the new owner can deny anyone access for up to seven years.

The National Army Museum confirmed to me yesterday that the collection had been withdrawn by the owner, J. A. C. Sykes—as he had every right to do. Had the museum made its own microfilm? "We shall not comment on that," I was told.

Rising prices of manuscripts are inducing many owners to withdraw collections from museums and county record offices around the country, to put them up for auction. When I asked Sotheby's who had bought the Coote archives, they could only answer with the word that has become so familiar in Bond Street: "Anonymous."

Rhapsody in blue

People who sell houses often engage in flights of fancy but an advertisementin the Herald Tribune for a South Wales property (asking price £100,000) takes some beating. It begins: "SWANSEA, the British Cote d'Azur. Substantial luxury residence. . ."

Observer

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هكذا من الأصل

ECONOMIC VIEWPOINT

The dubious case for import controls for all

[A]N INCREASING number of [p]eople have been asking me: "What is wrong with the [C]ambridge view that dramatic [s]teps must be taken to stop the [fl]ood of imports? At recent trend [r]ates of import growth what [r]emains of British industry [w]ill be destroyed and the UK [w]ill become a giant depressed [a]rea with 3m or 4m unemployed, [op]en or disguised."

What is wrong is the complete [ab]sence of any explanation of [th]e malaise or any convincing [re]ason to suppose that if the [B]ritish economy is as weak as [th]e Cambridge Group supposes, [it] would not decline still further [be]hind a high—and on Cam[br]idge's own logic—an increas[in]g barrier *against the rest of* [th]e world.

But until recently there has [be]en a more basic objection to [th]e whole Cambridge method [of] analysis. Just as Lenin [sp]oke of "socialism in one [co]untry" the Cambridge [an]alysis started off as [e]conomics for one country."

These particular criticisms [ha]ve now been taken on board: [an]d although I still believe the [an]alysis to be profoundly mis[gu]ided, the group can no longer [be] accused of insularity. The [197]9 Cambridge Economic [Po]licy Review, *published today* [by] the Gower Press, is based on [an] analysis of the whole world [ec]onomy. Indeed because of the [tem]porary boost from North [Sea] oil, Britain's own doom is [pos]tponed until the 1980s: and [bet]ween 1978 and 1980, the UK [nat]ional product is expected to [gro]w at almost normal rates of [a] little over 2 per cent per [ann]um.

[T]he country which is now [cal]led upon to initiate the move [to] *import controls is the US,* [wh]ich had a current account [def]icit of nearly $20bn in 1978—[a d]eficit which according to the Cambridge writers threatens to reach over $70bn in 1985 (in constant dollars of 1975 value).

It is not enough to gulp with amazement at these findings because the numbers are large. People did this when the Cambridge Group predicted 1½m unemployed in the UK. What is required is a scrutiny of the basic picture of the world underlying the recommendations.

This is dominated by two supposedly "robust and persistent" tendencies: the increase of the U.S. current deficit and the obstinately growing Japanese current account surplus. The latter is projected to grow from just under $20bn last *year to around $40bn in* 1985 (in constant 1975 dollars) even assuming pretty dramatic changes in policy by Japan and other countries. The growth of the world economy in general and the U.S. economy in particular are being "constrained" both by the need to keep imports from Japan down and the U.S. overseas account in *balance.*

In the "worst case," with balance of payments equilibrium achieved by so-called U.S. "deflation," growth in the non-Communist world declines from a 5 per cent per annum average *in the 1965-73 period to just* over 2 per cent in 1978-85 with, just to cheer us up, the U.S. national product *falling* on average by over ½ per cent a year. The pessimism expressed about the ability of exchange rate changes to correct the U.S. and Japanese balance of payments is similar to that expressed in earlier Reviews in the case of the UK.

The ideal policy measures prescribed by the Cambridge Group are import restrictions by the U.S. — together with a few other structurally weak countries such as the UK, and a "sharp reduction" in Japanese exports by means not explained, but implying either export ceilings set in Tokyo or discrimination against Japan by the rest of the world. Third, and for good measure, there should be positive discrimination in favour of imports from developing countries by countries with structurally strong trade balances.

The programme differs in several important respects from the conventional demands of those afraid of world recession. With the emphasis now on Japan rather than Germany, little reliance is placed on calls for more rapid expansion of domestic demand by surplus *countries. This is because* Japan's import propensity is so low that it has little "locomotive power" for world trade. The Cambridge authors also place much less emphasis than others have done on oil prices and the OPEC surplus.

Little faith

On the broader world problem they put little faith in co-ordinated summit action. They stress that if the U.S. deficit is frozen at its 1978 level and import controls are simply *designed to prevent it becoming* larger then other countries have no cause for complaint. The purpose of the controls would be as an alternative to a slump in the U.S. Imports would be just as large as without the controls, but with a higher level of domestic activity.

The Cambridge analysis can be summed up in the first of the accompanying tables. This shows a persistent decline in the U.S. share of world trade in manufacturing between 1961 and 1978, a rise in the Japanese share, and a dramatic rise in the ratio of manufactured imports to GNP in the rest of the rest of the developed world outside Japan (but not incidentally much larger in the UK than in other countries). These trends were worth extracting, whatever inference one draws from them.

The whole Cambridge analysis stands or falls, however, on two propositions:

(1) That the trends of the last two decades will continue and that normal price mechanism adjustments through exchange rate changes or differential wage growth are powerless to stop them: and

(2) That the constraints on growth in the non-Japanese world are due to demand and not supply. *For if the non-*Japanese economies have already been growing as fast as is possible without overheating, bottlenecks, and the risks of accelerating inflation (and in the case of the U.S. economy growing rather faster) then the trends shown in the table reflect underlying performance and are not a *source of world depression.*

TRADE IN MANUFACTURES

(%)

	Shares of world trade in manufactures			Ratio of volume of manufactured imports to GNP		
	1961	1969	1978	1961	1969	1978
UK	12.7	8.6	7.0	4.6	8.0	14.2
Rest of EEC	33.9	35.0	37.1	6.1	10.1	15.8
U.S.	17.9	15.5	11.5	1.5	3.4	4.5
Japan	5.0	8.3	11.5	1.8	2.2	2.4

Source: *Cambridge Economic Policy Review*

GNP GROWTH RATES

(% per year)

	1965-73	1973-75	1975-78
U.S.	3.7	−1.1	5.4
Japan	10.0	0.1	7.5
EEC	4.5	−0.2	3.1
Other developed market economies	5.3	1.9	2.8
Subtotal	4.9	−0.2	4.3
OPEC	8.3	8.1	4.7
(OPEC excluding net fuel exports)	(2.8)	(22.1)	(6.7)
Other developing market economies	5.3	4.2	5.0
Subtotal	5.9	6.7	4.9
World total (excluding centrally planned economies)	5.1	1.0	4.6

Source: C.E.P.R.

A third subsidiary assumption is that capital flows can play no major role in balancing world payments. This is maintained despite the fact that in 1978, net long-term capital exports from Japan offset some three-quarters of that country's current surplus.

The obvious source of doubt about the whole Cambridge diagnosis is the attempt to build iron laws on the experience of 1961 to 1978. This is a very short time indeed in modern economic history: and before one could dream of basing policy recommendations upon them, one should at least want to check up on the earlier decades of this century.

Indeed, the Cambridge authors themselves recognise that they might have made an opposite diagnosis in the earlier postwar years by referring to the supposed dollar shortage of that period. At that time economists of a "structuralist" bent *made exactly the same points* as their present-day successors, but with the plus and minus signs reversed. The Americans were then supposed to be suffering from a structural trade surplus which no amount of effort or exchange rate adjustment on the part of other countries would overcome. Present theories about the case for stopping Japanese exports by physical controls are identical to the postwar arguments for discriminating against the U.S., on the ground that this would involve a smaller degree of total restriction. The whole Cambridge case is the old "dollar shortage" argument stood on its head.

On the other hand a great deal that is puzzling in the Cambridge figures disappears if *one takes the view that the* growth of output is much more supply constrained than it is demand constrained.

Supply constraints would also explain why the Cambridge statistical simulations show devaluations producing so much inflation and so little real change in trade patterns.

It is now at last respectable to talk of the vast number of tasks—not only in the South-East of England—for which workers simply cannot be found at current wages. In the U.S. during the same period that the Carter Administration—and before it the Nixon one—was stimulating U.S. demand because of the overall unemployment *percentages, millions of Mexican* and other workers entered the country illegally: and a blind eye was turned because many U.S. services would grind to a halt without them. In these conditions a demand boost backed by import controls would produce little but shortages and inflation.

Many of the Cambridge authors are as shrewd as anyone else in observing what goes on around them. But they are hooked on aggregates and trends in a way which does not *allow them to integrate their* everyday observations with their professional work.

The Cambridge Group sees a world of countries each with certain unalterable propensities. But why stop at national frontiers? Within countries some regions are falling behind others in the production and sale of tradable products. If present trends are projected regional differences will also grow inexorably; and regions, unlike countries, cannot even adjust exchange rates, or impose import controls. Most of the Cambridge economists concerned are strong supporters of regional policy and would be opposed to the EMS even if there were a prospect of a common European currency and a European Federal Reserve.

The underlying attitude reflects a deep-seated conservatism. Different compound rates of growth of anything anywhere are projected indefinitely, and found intolerable. Therefore political authorities are asked to intervene by *force majeure*, to stop them. There may be social reasons for slowing down relative changes, but it is strange to do so in the interests of world growth.

Two final points. First, the Review points out that world problems would be eased, although not eliminated, if there were more toleration for a U.S. current account deficit. The point could be taken much further. For the much-feared Japanese export surpluses would do more good than harm if they were offset by long-term overseas investment. This would enable other countries—say in the developing world—to run trade deficits and buy more, thus removing the alleged restrictive effects of the Japanese reluctance to import.

But the Cambridge writers are *in a poor position to make such* points. For they belong *par excellence* to the family of analysts who have always stressed and publicised the current balance of payments. It is the market economists and monetarists, on whom so much scorn is poured, who have always been suspicious of singling out the current account for special attention and who have never seen any particular reason why this isolated part of a country's overall payments should balance in isolation.

Secondly the reason the Cambridge Group is worth attention, apart from its useful quantification of very recent economic history, is that it carries to their logical conclusions, beliefs and assumptions held by a great many "practical" people who would run a mile from any association with economists who provide a basis for Mr. Anthony Wedgwood Benn's platform. But unless the underlying beliefs and assumptions are challenged, there is no point in quibbling about the arithmetic or recoiling in horror from its apparent extremism.

Samuel Brittan

Letters to the Editor

[B]acon and the [M]CA system

[Fro]m the General Secretary, [Ass]ociation of Professional, [Exe]cutive, Clerical and [Com]puter Staff

[S]ir,—The Danish Minister of [Agr]iculture, March 20, stated [tha]t "as long as monetary com[pen]satory amounts exist, how[eve]r, nobody can deny that they [wor]k as a subsidy to consumers [in] the countries with a depre[ciat]ed currency for example UK [whe]re prices are kept down." [Thi]s statement is true as far as [it g]oes but it assumes that the [pric]es fixed by common agricul[tura]l policy are fair in the first [plac]e whereas in many cases [the]y are 50 per cent to 100 per [cen]t higher than current world [pric]es. So the MCAs only [ope]rate to reduce the impact on [con]sumers of the agricultural [pric]es set by the farm Ministers [for] the benefit of farmers with[out] regard to the interests of [con]sumers.

[T]his union has always stood [for] membership of the European [Com]munity and has consistently [sou]ght to bring the CAP on to [a r]ealistic basis on which it will [ser]ve the interest of the Com[mun]ity as a whole rather than [the] 6 per cent who happen to be [far]mers. It is significant that [the] 6 per cent who are unem[plo]yed receive next to nothing [fro]m the Community.

[T]he principle of a customs [uni]on which applies to all [ind]ustrial products in the Com[mun]ity is an equitable one since [int]ernal competition is fair and [ext]ernal competition is per[mit]ted wherever it can overcome [the] price disadvantage caused by [imp]ort duties. In agriculture [the] community denies this prin[cipl]e in the name of "com[mun]ity preference." Overseas [sup]pliers are denied access to [sign]ificant parts of the market [and] then suffer from subsidised [exp]orts by the community—all [at t]he expense of the consumer. [It] is significant that "com[mun]ity preference" does not [ext]end to British coal if our [fell]ow community members can [pur]chase it cheaper from [Pol]and or Australia; or to Rolls[-Roy]ce engines if the French or [Ger]mans can be American sub[con]tractors.

[It] was always known when [Brit]ain, Denmark and Eire [acce]ded to the community that [with]in five years there would [hav]e to be significant changes in [the] rules if a position of inequity [wer]e not to arise and the leaders [of t]he six signed a declaration [that] if the fundamental interest [of a]ny country were jeopardised, [cha]nges would be made. It is [due] to the *lack of statesman*[ship] among the European [lea]ders that a handful of far[mer]s have effectively vetoed [init]iatives for change.

[T]he European Trade Union [Con]federation has, for a number [of] years, demanded "a com[mun]ity with a human face" one [whi]ch is organised in the [inte]rest of consumers and [wor]kers rather than just [far]mers and employers. The [init]iative taken by Mr. Callaghan [at t]he Paris meeting will be wel[com]ed by all those who support [a E]urope that is facing the [pro]blems of today rather than [tho]se of the 1950's.

[Ro]y A. Grantham.
[22,] Worple Road, SW19.

[B]rewers' gifts [t]o Tories

[Fro]m Mr. C. Mitchell

[S]ir,—I read with great in[ter]est that the Transport and [Gen]eral Workers' Union is to [don]ate £150,000 to the Labour Party's election fund and found it interesting to compare this with amounts that the UK brewing industry is reported to have donated to the Conservative Party. Many members of the Labour Party adopt the view taken by Mr. William Hamilton, who, in discussing beer price increases, said in the House of Commons in January this year: "The brewers want the 3p on the pint because they wish to contribute to the Tory Party's election coffers as they have always done magnificently."

As a matter of interest, a random sample of 10 brewery companies (large, medium and small) shows that total political donations in 1969 were less than £30,000 but last year were £2,300. One wonders whether Mr. Hamilton might now feel differently on this issue.

C. D. Mitchell,
Buckmaster and Moore.
The Stock Exchange, EC2.

Revenue from invalids

From Mr. J. Shaffner

Sir,—If an employer arranges a group health scheme for his employees, the premiums are usually allowed as a business expense and so are offset against corporation tax. In the event of a claim, the benefit is paid to the employer who in turn pays it to his employee. For tax purposes, it is treated as earned income in the hands of the employee in the normal way.

Contrast this with the employee or the *self-employed for whom* no company scheme is available: if such people arrange their own PHI contracts, *the premiums do not* qualify for personal tax relief and the benefits, after one fiscal year's payment, are then treated as *unearned income. This latter* burden is the worst anomaly, kicking the long-term invalid when he is down.

Clearly, it is time that the Treasury *stopped* looking to the long-term invalid as a source of additional revenue, *in the* form of investual income surcharge, just because that invalid was provident enough to insure his own health, when younger and fitter, rather than rely on claiming supplementary benefits.

How many employers can afford sick pay for their un*fortunate staff who are disabled* by sickness or accident indefinitely? In truth most working people *need this protection of* their income, but the Treasury's inequitable treatment does nothing to encourage people to make *any provision for them*selves. Removal of these anomalies is long overdue.

J. R. Shaffner.
Charles Stapleton and Co.,
Cameron House, Church Street,
Leatherhead, Surrey.

Roads and taxes

From Mr. D. Lindsay

Sir,—Dr. Potter's logic (March 21) is no easier to follow than his economics. The losers from the suggested changes in the car licence and fuel taxes will overwhelmingly be country people, and the *gainers* overwhelmingly townspeople, and I am not aware of any significant correlation between the former and "rich" or between the latter and "poor." Even if there were, that fact would lend no support to the proposed change. Redistribution of income is not the function of these taxes.

My point on the car licence tax was that all car owners should make a fixed annual contribution to the capital costs of the road programme; that purchases "ready availability," a valuable commodity. In addition they pay a fuel tax which, roadside garaging apart, bears a very close relation to use actually made of the roads. The Post Office has the right "two-part tariff" idea in its telephone charging.

David G. Lindsay.
8, Strauston Field,
Whitchurch-on-Thames, Oxon.

Equity in homes

From the Joint Chairman,
Conference of Private Residents Association.

Sir,—In his report (March 26) on *Gibson v City of Manchester* Justinian asks whether tenants should have "positive rights, powers and responsibilities over premises which, after all, are their homes for life." This kind of new thinking is needed in housing politics in both public and private sectors.

To give equal opportunity to all (for saving, mobility, real security, independence) tenants could have an option to purchase an equity stake in their homes either as part of the rent paid or as an additional contract.

Housing politics are plagued by antiquated divisions of attitude when there are many additional forms of tenure which could be introduced and Britain lags behind other Western countries in this outlook.

Private tenants in blocks of flats need to have a stronger security and an equity stake in their individual homes, for very good social reasons and, in long-lease blocks, *they need* the right to purchase the residual freehold interest in a co-ownership company because it is now all their money which is being spent on maintenance and repair.

Partial equity schemes could have a number of financial and social benefits in the public sector. In the private sector it *would encourage the legitimate* landlord and discourage the investment speculator. It may even provide a formula for viability in building new blocks of flats needed to repopulate inner urban areas once again with mixed young communities.

Frank Brown,
59 Drayton Gardens,
SW10.

The housing Bill

From Mr. R. Jensen

The description "election window-dressing" attributed to the Conservatives in respect of the Government's Housing Bill (your report, March 23) is certainly justified in the context of the security of tenure provisions for council tenants. Any suggestion that such security is either something new or the logical extension of a situation which applies throughout most of the private sector, is quite unsupportable. Only in the most exceptional circumstances (which would have produced exactly similar results in the private sector) has the council tenant ever been dislodged from his council house or flat and, in this respect, his circumstances have in no way differed from those of the private tenant.

The security of tenure clause of the Rent Act has connotations for the private tenant which are totally irrelevant in the public sector. Namely, the prime function of that clause has been to ensure that the (trapped) private landlord cannot opt out of his enforced charitable role of providing, from his own pocket, subsidies ranging up to 90 per cent plus (in the case of controlled tenancies) for his tenant and (in turn) the tenant's children and grandchildren. In the public sector, of course, these subsidies are provided by design (and, in my own borough, were predicted to cover almost 75 per cent of housing costs in 1978-79) and not by compulsion.

Security of tenure, *per se*, is seen to be equally irrelevant in the private sector where, nowadays, it is merely a device for effecting the permanent enforcement of grossly repressed rents. In successfully procuring that objective, it has simultaneously ensured both massive under-occupation on the one hand and homelessness, overcrowding, and inadequate housing on the other.

R. Jensen.
11, Stanhope Gardens, N4.

Building labour

From the Director,
Federation of Associations of Specialists and Sub-contractors

Sir,—Mr. D. Brown (March 23) is right to warn against possible dangers inherent in a move towards construction industry registration, but he is wrong in his suggestion that the Construction Industry Manpower Board is currently preparing a full "Docks Board" form of registration, with direction of labour and employment by the industry.

The Manpower Board is currently attempting to draw up proposals for an acceptable minimum form of registration of employers. Problems have arisen, notably from the unwillingness of the bodies representing main contractors to take realistic account of the interests of the substantial number of specialist and sub-contractor firms in the industry, and to accept changes in the industry's industrial relations machinery made necessary by the concept of registration.

If these problems can be remedied then it is certainly possible that a widely acceptable form of registration could be conceived that would both satisfy trade union aspirations in this direction and bring under some measure of control the "cowboy" elements to which Mr. Brown refers.

If however, the main contractors' organisations are unable to take a sufficiently wide view at this stage, then we may yet have the full rigours of Mr. Brown's "worst case" form of registration forced upon us.

John Huxtable.
376 Grays Inn Road, WC1.

Advertising on the BBC

From Mr. R. Brooks

Sir,—I fully support the letter from Mr. R. Ernest (March 15). The local radio station—BBC not commercial—in my area is Radio Medway and it regularly includes the promotion of special trips by British Rail. These "promotions" are usually in the form of an interview with the local BR manager who lists holiday excursions, etc. I wonder what would happen if the rest of the Radio Medway area travel firms requested equal air time?

Robert Brooks.
13, Freeman Way,
Maidstone, Kent.

Today's Events

GENERAL

UK: Edge Hill, Liverpool, by-election.

National Housebuilding Council statement on prospects for 1979.

Sir Derek Ezra, NCB chairman, gives Institute of Fuel lecture on need for energy insurance policy, at Royal Institution, London.

Mr. Ron Hayward, Labour *Party general secretary, speaks* at Luton Labour Party meeting.

Midyear international finance and economic outlook conference, Hilton Hotel, London—speakers include M. Pierre Ledoux, president, Banque Nationale de Paris, and Mr. Paul Nield, partner, Phillips and Drew.

Sir Kenneth Cork, Lord Mayor of London, receives Portuguese parliamentary delegation, Mansion House; lunches with British Waterways Board on M.V. Lady Rose of Regents, Little Venice.

The Queen and Duke of Edinburgh attend International Skating Association centenary gala, Wembley, London.

Overseas: International Energy Agency governing board, meeting in Paris, reviews plan to cut oil consumption by 5 per cent.

President Anwar Sadat of Egypt stops in Bonn on way home from U.S.

OFFICIAL STATISTICS

Department of Industry publishes fourth quarter final figures for finished steel consumption and stock *changes. Department* of Energy publishes latest energy trends.

PARLIAMENTARY BUSINESS

House of Commons: Independent Broadcasting Authority Bill, remaining stages. Debate on White Paper on Broadcasting. Motion on BBC supplemental licence agreement and Royal Charter.

House of Lords: Exchange Equalisation Account Bill, third reading. International Monetary Fund Bill, third reading. Prosecution of Offences Bill, third reading. Public Health Laboratory Services Bill, Commons amendment. Caravan Sites Bill, committee. Cinematograph Films (Limits of Levy) Order.

Select Committees: Science and technology, genetic engineering sub-committee. Subject: Genetic engineering. Witness: Mr. David Ennals, Social Services Secretary. Room 15, 4.30 pm.

COMPANY RESULTS

Final dividends: APV Holdings. Bambers Stores. BICC. Biddle Holdings. Booker *McConnell. British Mohair* Spinners. Bruntons (Musselburgh), forecast second interim, at time of interim report, is 4.3764p. Coates Brothers and Co. Desoutter Brothers (Holdings). Alexander Howden Group. Jamesons Chocolates. Percy Lane Group. Leyland Paint and Wallpaper, 1977 period consisted of 15 months to December 31, 1977, and final dividend includes a second interim of 2.3p. Magnolia Group (Mouldings). Bernard Matthews. Mixconcrete (Holdings). News International. Austin Reed Group. Solicitors' Law Stationery Society. Wolstenholme Rink. **Interim dividends:** Lucas Industries. Radley Fashion Group. Wombwell Foundry and Engineering Co. **Interim figures:** Laganvale Estate, nine months figures.

COMPANY MEETINGS

Aaronson Brothers, Savoy Hotel, WC, 12. Clifton Investments, 32 Savile Row, W, 11. Drayton Commercial Investments, 117 Old Broad Street, EC, 2.30. General Consolidated Investment Trust, 8 Waterloo Place, SW, 2.45. Lloyds Bank, 71 Lombard Street, EC, 3. Newbold and Burton, Premier Works, Brook Street, Sileby, Leicester, 10.30. River and Mercantile Trust, 44 Bloomsbury Square, WC, 2.45. River Plate and General Investment Trust, 44 Bloomsbury Square, 11.15. Taverner Rutledge, Adelphi Hotel, Lime Street, Liverpool, 12. Temple Bar Investment Trust, Electra House, Temple Place, Victoria Embankment, 11. West Coast and Texas Reg. Investment Trust, 20 Birchin Lane, EC, 12.30.

New-style 'Pru' lifting dividend by 20% to 8p

PROFITS IN 1978 up by 29 per cent and a 20 per cent increase in dividend are the main features of the first report of the Prudential Corporation—the new style holding company of the Prudential Group of companies.

Profits for the year amounted to £41.2m compared with £31.9m in 1977. In view of these excellent results, the corporation has taken advantage of relaxations on dividend limitations given to new companies to pass on the benefits to shareholders. A final of 5.263p per share has been declared, making 8p for the year, compared with 6.648 in 1977.

The surplus from the life funds attributable to shareholders rose by 8 per cent from £15.9m to £17.2m. This improvement was, however, held back in 1978 by a non-recurring loss of £2.4m in Vanbrugh Life, the linked life member of the corporation. This loss occurred because of an error in the unit pricing calculations and the strengthening of reserves. Overall life premium income advanced by over 11 per cent to £761m and the surplus attributable to policyholders by nearly 13 per cent to £248m. This has enabled policyholders' bonus rates to be increased, details will be given today.

Gross underwriting losses on general insurance business were halved in 1978 from £9.5m to £4.2m, while investment income improved by 16 per cent from £23.4m to £27.2m. The tax charge was doubled to £6.8m so the net surplus from general insurance business advanced by over 50 per cent from £10.4m to £16.2m. Premium income was 10 per cent higher at £394m.

The underwriting result of the Prudential Assurance showed little overall change from 1977. Losses in the UK account deteriorated by £2m from adverse results on motor and liability business. The domestic account showed some improvement despite the combination of under-insurance and adverse weather conditions, but even so a loss of £4.5m on this account was recorded. There was an underwriting profit of £2m on overseas business, coming mostly from Canada, with trading conditions in Australia and South Africa remaining very difficult. The trading profit of L'Escaut showed little change, a deterioration in underwriting being balanced by higher investment income. There was a large increase in business in Holland which was profitable.

The underwriting results for the reinsurance subsidiary, Mercantile and General, showed improvement for both proportional and non-proportional fire and accident business and for marine and aviation accounts. This improvement accounted for most of the reduction in underwriting losses.

The growth of income and profits last year would have been higher but for the strengthening in the sterling exchange rate. The solvency margin at the end of 1978—the total free assets of the insurance subsidiaries as a percentage of general insurance premium income—stood at 54 per cent.

See Lex

HIGHLIGHTS

The swift counterbid for 51 per cent of Hudson Bay from George Weston at $41 per share is discussed by Lex, as are slightly disappointing annual results from Schroders, solid growth from Legal and General, and a buoyant performance from Prudential Corporation. The West German banking sector's close ties with industrial companies are also considered. Other companies reported mostly encouraging results and prospects with Slough Estates, Bambers Stores and Hanger Investments well to the fore. York Trailer and Rotork comprised the major exceptions where the combined effects of sluggish market conditions and high sterling values have taken their toll. On the bid front, Rockwell stressed that it is not prepared to raise its 115p per share offer for Wilmot Breeden.

L & G restructuring to meet needs of 1980s

PLANS HAVE been formulated by Legal and General Assurance Society, the second largest life group in Britain, for reorganisation of its structure.

A new company is to be formed as parent of the group and named Legal and General Group. It will not be an insurance company. Shareholders will exchange their present 5p shares in the society for 25p shares in the new company on a one-for-one basis.

Then at the second stage, it is proposed to separate the UK insurance operations, the international insurance operations and the investment management activities into three subsidiaries of Legal and General Group.

Mr. Ron Peet, the chief executive of L and G, said that the new structure should help provide the right environment for the development of the group through the 1980s. The reorganisation under a non-insurance holding company would give additional financial flexibility, and provide the opportunity to manage the group's resources more effectively through the clearer identification of the different activities in separate subsidiaries rather than through one major operating company.

Shareholders will be asked to approve the first stage of the re-organisation by means of a scheme of arrangement at the AGM. The split into separate subsidiaries will come into operation in January 1980.

Pre-tax profits of the group rose by nearly 20 per cent in 1978 from £17.4m to £20.8m. Premium income on life and pensions business advanced 18 per cent to £478m. Total surplus from long-term business amounted to £76.7m compared with £66.4m in 1977. Out of this amount £60.6m has been allocated to policyholders' bonuses, £9.3m to shareholders and £6.8m carried forward. The shareholders' allocation has been raised by 13 per cent over the 1977 figure.

Premium income on general insurance business increased by just over 6 per cent to £131m, but the underwriting loss rose sharply to £6m against £3.9m in 1977. The UK account showed a marginal loss after a release of £2m from provision for unearned premiums. Elsewhere the results were poor, particularly so in Australia, with a loss of £2m, France and Spain.

Investment and other income was nearly 30 per cent higher at £20.3m compared with £15.9m.

The tax charge in 1978 rose significantly to £5.7m compared with £3m in 1977 and minorities where unchanged at £200,000. So the group operating profit improved by 5 per cent from £14.2m to £14.9m.

The final dividend is 4.247p per share including an additional payment of 0.053p for 1977. This gives a total gross equivalent dividend for 1978 of 9.717p against 8.738p in 1977. This is the maximum increase possible.

Higher rates of reversionary and terminal bonuses have been announced by L. and G. On whole life, endowment and cash-builder policies the rate on the basic sum assured is maintained at £3.80 per cent. But the rate on attaching bonuses is lifted to £5 per cent from £4.50 per cent. On self-employed personal pension policies, the reversionary bonus goes up to £4 per cent compound from £3.60 per cent, while on the HPS executive pension schemes it is lifted to 3¾ per cent from 3½ per cent.

Terminal bonuses, payable on death or maturity claims, are increased to 30 per cent of attaching bonuses for whole life and endowment contracts and to 25 per cent for the cashbuilder plan. The bonus rate on executive pensions is increased from 25 per cent to 30 per cent, but remains unchanged at 40 per cent for the self-employed policies.

See Lex

Slough Estates exceeds £8.2m

ON HIGHER rental income at home and overseas, Slough Estates, property developer, lifted taxable profit in 1978 by £1.26m to a record £8.23m with a £0.62m advance in the second half.

New lettings, reversions and rent reviews expanded UK rental income from £10.87m to £12.76m and overseas rental income was £0.53m higher at £4.87m.

Record profit was forecast at half-time when the surplus was ahead to £3.79m (£3.15m). The company is now predicting another good year in 1979.

Tax in 1978 took £2.44m (£3.41m) leaving stated earnings per share 1.59p better at 6.21p. Also as forecast, the net total dividend is stepped up to the maximum permitted to 2.52925p (2.265p) by a 1.52925p final. A one-for-two scrip issue is proposed.

● comment

An 18 per cent improvement in pre-tax profits, substantial as it is, is not the reason Slough Estates' share price rose 5p yesterday to 162p for the group is expected to be one of the top performers of the sector. In the first place the tax charge has dropped from 44 per cent to 30 per cent, a result of beneficial bunchings of industrial building allowances, deferred tax benefits, and Slough's ability to shelter itself to a degree from overseas losses. Secondly, the ratio of pre-tax profits to gross rental income has begun to rise—to 47 per cent from under 46 per cent—after several years of decline. Slough is to revalue its properties this year, probably in time for the next preliminary figures. Since the UK properties were last valued three years ago in a depressed market, and the Canadian properties even before that, the potential upturn is considerable. No wonder the market is not deterred by a yield of less than 2½ per cent.

J. LYONS

Allied Breweries has announced that, at the separate meetings yesterday of the holders of the 6 per cent mortgage debenture stock 1983/88 and of the 8 per cent unsecured loan stock 1981 of J. Lyons and Company, the resolutions approving repayment at £90 per cent and £96 per cent respectively (in both cases together with accrued interest) were duly passed by the requisite majorities.

Stockholders can expect to receive cash payments on April 17.

Manders nears £3.5m

THE TREASURY has approved a 30.4 per cent increase in the dividend of Manders (Holdings), which turned in taxable profits of £3.44m in 1978 against £2.37m last time.

Turnover of this paint and printing ink manufacturer advanced from £24.07m to £28.2m.

The improved results are principally due to the increased turnover and restored margins of the decorative division. UK ink operations were maintained at the improved levels, and the industrial finishes division doubled trading profits.

Overseas ink operations were less satisfactory, the directors say.

After tax of £1.06m (£0.6m), stated earnings per 25p share are higher at 15.82p (11.6p). The total net dividend is stepped up from 2.5423p to 3.314p, with a 2.41p final.

A break-down of turnover shows UK trading operations at £24.41m (£20.24m), and overseas £3.8m (£3.83m). Taxable profit is shown as to UK trading £2.66m (£1.6m), overseas £0.3m (£0.33m) and UK property £0.48m (£0.44m).

The directors say rental and capital values of the Mander Centre have improved since the valuation on December 31, 1977. SSAP 15 has been applied and the 1977 tax charge restated.

Attributable profit comes through at £2.32m, against £1.71m.

Royal Worcester back on expansion path with £2.7m

GROUND LOST 12 months earlier by Royal Worcester, pottery and electronics components group, was more than regained in 1978. Taxable earnings soared from £1m to £2.69m — bettering its previous best by some £430,000—with each of the main operating companies showing improvement.

Advance was forecast at mid-year when the surplus climbed from £553,000 to £936,000.

Sales for the year were up £5.13m at £38.31m, with Royal Worcester Spode turnover ahead from £20.6m to £23.59m and Welwyn Electric's £1.85m higher at £12.8m.

The largest percentage rise in operating profit, which increased from £2.35m to £3.7m overall, was made by Welwyn Electric with a jump from £0.39m to £1.21m.

Royal Worcester Spode, in which the group acquired the outstanding 45 per cent interest from Carborundum Co. in August, produced £2.02m against £1.56m, at the operating level while the ceramics' offshoot turned in £0.47m (£0.39m).

Though the group total profit was reduced by a debit of £0.29m (£0.23m) attributed to the 45 per cent interest in RWS there were no abnormal costs related to this subsidiary, which last time took £0.68m.

After tax of £0.97m (£0.35m) the group's earnings per 25p share are stated 17.9p higher at 28.6p. A net final dividend of 4.734p raises the total to 7.134p (6.3888p).

Comparatives have been adjusted for a change in the treatment of deferred tax to accord with accounting standard No. 15.

Attributable profit emerged at £1.59m (£647,000) after an extraordinary loss this time of £138,000 on sale of property.

	1978 £000	1977 £000
External sales	38,307	33,177
Spode	23,585	20,603
Industrial ceramics	1,920	1,625
Welwyn Electric	12,802	10,949
Operating profit	3,702	2,347
Spode	2,023	1,564
Industrial ceramics	469	391
Welwyn Electric	1,210	392
RWS abnormal costs	—	684
Central expenses	237	222
Interest	487	212
45% int. in RWS*	289	229
Pre-tax profit	2,689	1,000
Tax	966	353
Net profit	1,723	647
Extraord. loss†	138	—
Attributable	1,585	647
Dividends	430	385

* Debit. † On sale of property.

● comment

Royal Worcester's sluggish profit growth at least indicates that the company is back on course after a particularly bad year in 1977. But the old vulnerability to changing market conditions and fluctuating exchange rates remains. In a relatively volume sensitive business, sales increased by only 15 per cent. And while U.S. sales increased substantially over last year's poor results, the sinking dollar neutralised much of the benefit. The acquisition of a 45 per cent minority interest in its important Royal Worcester subsidiary has proved expensive — Worcester took on an additional £2.9m in short and medium term facilities at a time when its net interest costs were rising rapidly—although the rewards are expected to come through in the long term. Full control of RWS will enable Worcester to improve its overseas marketing and increase its narrow margins. The share price remained unchanged at 178p, giving a yield of 4 per cent and a p/e of 6.1 on stated earnings.

Dispute-hit York Trailer slumps to £1.15m, but pays maximum

INDUSTRIAL DISPUTES inside and outside the group hit the profits of York Trailer Holdings. The taxable surplus for 1978 slumped from a record £2.74m to £1.15m on turnover down from £36.2m to £32.2m. But the maximum permitted dividend is being paid.

The directors say the biggest single cause of the earnings drop was the go-slow for nearly all the final quarter at the Anthony Carrimore plant in Co. Durham.

The group was also badly affected by the lorry drivers' strike and two "disastrous" months in November and December led to a final quarter loss.

Exports dropped from £14m to £8.5m, almost entirely due to a loss of markets in Turkey, Nigeria and Iran.

The board adds that the haulage strike wrecked January business and profits and its aftermath was felt into February.

Although the company returned to profit in March the directors say it is doubtful that the group will break even in the first quarter. However despite the bad start they say that the year's earnings should exceed those of 1978.

On the brighter side there is an improvement in exports to Europe, and the group is looking for a rapid build-up of profits from its new Illinois U.S. operation which started production on March 1. The board says it is looking for further opportunities for expansion through acquisition in the U.S.

Further growth is expected from the UK's profitable service organisation, aided by additional depots in Birmingham and Leeds.

After tax for the year of £270,000 (£210,400) attributable profits are down from £2.53m to £881,417. The 1977 tax has been restated to take account of SSAP 15.

The final dividend of 1.196p net per 10p share lifts the total from 2.143p to 2.392p.

● comment

York Trailer's misfortunes seemed to multiply during the year and following a number of bearish statements from the company the final outcome is a 58 per cent drop in taxable profits. The market had been well prepared and cheered by some optimistic noises the shares even managed a 1p rise to 52p where they stand on a p/e of 6.4 (over 10 fully taxed) and a yield of 7.1 per cent. The question now is really not if but when the group is going to recover and this rating seems sound given the undoubted long term potential. The current year, for instance, should see an improvement but profits are unlikely to approach the 1977 peak. On the other hand if, as seems probable, the Government eventually comes into line with EEC maximum weight specifications, the company should really cash in on demand for new trailers. For the moment the big problem is Anthony Carrimore where profits turned around from more than £300,000 in 1977 to a loss of £550,000 last year. Both Carrimore and the trailer side have lost out badly in export markets and it will take time to recoup the damage.

FEB Int. advances to £0.53m

RECORD PROFITS are announced by FEB International, the chemical and fixing device group. The taxable surplus for 1978 was up £206,000 to £527,000 on turnover ahead from £9.7m to £10.26m.

At the halfway stage when the group advanced from £133,000 to £204,000 the directors reported a steady increase in trading in the latter months.

Tax for the year takes £303,000, against £174,000, leaving net profit up from £147,000 to £224,000. The surplus on the disposal of three builders' merchants added £121,000 to after tax profits last time.

The final net dividend of 1.21p per 10p share lifts the total from 1.76p to 1.947p. Stated earnings are up from 3.22p to 4.91p.

The chairman and his wife have waived the final dividend on 500,000 shares and, allowing for this, the cost of the final is £49,118 (£44,653).

A valuation of the group's properties at December 31, 1978, has shown a £503,000 excess over book value, which has been credited to capital surplus.

Static half pegs growth at Thurgar

WITH virtually all the increase coming at the interim stage, pre-tax profits of Thurgar Bardex, maker of plastic products, rose from £308,000 to a record £449,000 for the 52 weeks to December 30, 1978. Turnover was up at £5.68m compared with £4.99m.

When reporting profits ahead from £83,673 to £221,794 for the first 24 weeks, the directors forecast that the full year result would comfortably exceed the previous year's.

Yearly pre-tax earnings per 10p share are shown as 5.83p (4p), and as 3.23p (2.01p) after tax. The net dividend total is stepped up from 0.68375p to 0.7635p, with a maximum permissable final of 0.4635p. A one-for-three scrip issue is also proposed.

Net profits for the year improved from £155,000 to £249,000, after tax of £200,000 (£153,000).

First-half increase by Beckman

FOLLOWING a downturn from £1.97m to £1.83m in the previous full year, taxable profits of A. Beckman, converter and merchant of fabrics, increased from £0.87m to £1.06m for the six months to December 31, 1978, on turnover of £8.68m against £8.01m.

Mr. S. Beckman, the chairman, says the company has maintained its momentum into the second half and he looks forward with some confidence to a continuation of this trend.

From stated half-yearly earnings of 4.987p (4.07p) per 10p share, the net interim dividend is lifted from 1.77p to 1.95p and the maximum permitted total is forecast—last year's payments totalled 4.98p.

Tax took £550,140 (£459,930) giving net profits up from £414,626 to £508,001. The interim dividend absorbs £198,640 (£180,304).

Progress for FC Finance

ALTHOUGH second-half profits did not reach the level of the first six months, F. C. Finance finished 1978 with pre-tax surplus well ahead from £1.13m to £1.83m, on turnover of £56.59m against £42.8m.

First-half profits jumped from £409,000 to £940,000, but the directors warned that it was unlikely that this profit level would be maintained in the second six months.

Profits would be affected by increased money costs and the re-introduction of the Bank of England supplementary special deposit scheme, they said.

Stated yearly earnings rose from 8.2p to 11p per 25p share, while a final dividend of 1.1p brings the net total to the maximum permitted 2.2p (2p).

Interest took £4.63m (£4.55m) and tax charge was up from £0.52m to £1.02m.

Associates' results boost Schroders

BANKING AND insurance profits of Schroders were lower in 1978. However, some growth by the parent company and a sharp recovery in the share of associates results enabled the group to finish the year with a £1.44m jump in net total disclosed profit to £4.94m.

After minority interests and transfers to inner reserves the banking and insurance subsidiaries profit came out at £3.85m against £4.4m, while Schroders Limited and the non-banking companies lifted their contribution, after minorities, by £216,000 to £971,000.

The biggest gain came from the upturn in the share of associates from an £868,000 loss to £592,000 surplus and a £674,000 share of those companies' extraordinary surplus on the sale of investment properties in the UK and France.

The associated companies' recovery reflects a significant reduction in the loss at the 50 per cent-held Bermuda-based Property Holdings International which, as already announced, is being dissolved.

The disclosed group profit is shown after interest on loans after tax and minorities, up from £783,000 to £1.14m.

A net final dividend of 9.7746p per £1 share lifts the total to 12.7746p (11.5679p including an additional 0.1278p paid with the 1978 interim).

At year end the group's liquid assets were up from £423m to £655m and loans and advances amounted to £574m (£506m). Deposits, other accounts and inner reserves were higher at £1.25bn, against £944m.

See Lex

Bentima increases to £165,000

Pre-tax profits of Bentima Industries, watch and clock importer and precision instrumentation and components manufacturer, increased from £150,000 to £165,000 in the six months to December 31, 1978. Group sales revenue rose from £3.02m to £3.86m.

The directors anticipate profits for the first six months of 1979 will be ahead of the same period last year.

They add that trading in the period under review was generally in line with expectations. Further substantial orders have been received in the engineering companies.

Davall, a subsidiary, has agreed with the Department of Industry to develop certain innovative printed circuit boards with support of Government funding under the electronic components scheme.

Tax for the period takes £85,000 (£80,000). Figures include Standard Industrial Holdings from July 1, 1978.

It was announced in September that the next accounts would be made up for the 18-month period to June 30, 1979, to bring the year-end of the company and its principal subsidiaries into line. In the 1977 year, taxable profits were £266,000.

Drake & Scull chief confident

Shareholders of engineering group Drake and Scull Holdings were told by the chairman Mr. Michael Abbott at yesterday's annual meeting that higher profits and dividends are in prospect for the current year.

Mr. Abbott said: "Current trading, both in respect of volume and profitability, is at a most satisfactory level, and prospects for the year in total are encouraging. In overall terms, backed by good cash resources, your board views the future with confidence, and is planning for the achievement of higher profits and dividends in the current financial year."

He indicated yesterday that the board wishes to conclude its agreement with the Department of Environment by not later than April 30, 1979.

Mr. Abbott added: "This step will ensure that, together with the termination of its contingent liability, the Department should, through a placement of its "E" preference shares, obtain approximately a 70 per cent profit on its investment in our company."

All institutional shareholders of "E" preference shares are planning to convert into ordinary on the next conversion date, which is next Tuesday.

Subject to the Department of the Environment's agreement to effect a similar conversion with its holding of "E" preference shares, an early capital reconstruction programme will then take place which Mr. Abbott said: "We believe will be in the best interest of all shareholders."

An announcement is expected shortly and any reconstruction will be followed by an EGM to obtain shareholders' approval.

The group is also considering two acquisitions, and after the meeting Mr. Abbott indicated that the reconstruction might be followed by a rights issue, depending on market conditions.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bambers	1.27	June 5	0.55*	2.22*	1.02*
Barton & Sons	1.97	—	1.72*	3.07	2.75*
A. Beckman ......int.	1.95	May 21	1.77	—	4.98
R. Cartwright	2.56	May 11	2.18*	4.06	3.64*
Feb Int	1.21	May 17	1.1	1.95	1.76
F.C. Finance	1.1	—	1	2.2	2
Hanger Invs.	0.5	—	0.46	0.5	0.46‡
Legal and General	4.25§	—	3.66	6.51	5.72
Manders	2.41	May 4	1.72	3.31	2.54
Prudential Corp.	5.26	May 24	4.2	8	6.71
Rotork	0.66	May 25	0.6*	1.31	1.18*
Royal Worcester	4.73	May 11	4.21	7.13	6.38
A. G. Stanley	2.9	—	2.22*	4.9	3.92*
Thurgar Bardex	0.46	May 2	0.48	0.76	0.68
Samuel Props. ......int.	1	July 2	—	—	2.35
Schroders	9.77	May 11	8.44	12.77	11.57
Sharna Ware	1.66	—	1.41	2.66	2.4
Slough Estates	1.53	—	1.52	2.53	2.27
Stag Furniture	4.2	May 31	2.8	6.5	4.8
York Trailer	1.2	July 2	1.07	2.39	2.14

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.00681p for tax change. § Includes additional 0.053p for 1977.

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UK COMPANY NEWS

Record £2.3m for Hanger

AXABLE PROFITS of Hanger ivestments, vehicle leasing ecialist and Ford main dealer, creased 90 per cent from 1.23m to a record £2.34m in 78. This was despite the rectors warning at halfway that e exceptional growth in profit-ility over the past few years ould not be maintained in the cond half.

However, at the interim stage, hen profits were up from .53m to £1.24m, they expected ll-year profits to be in excess 1977.

The directors now say the sults were achieved notwith-anding a long industrial spute at Fords in the latter rt of the year.

Turnover for the year rose om £34.54m to £48.84m. After wer tax of £205,000 against 96,000, net profit came through £2.14m (£0.83m). Again, no ovision was made for tax ferred in respect of capital owances.

Stated earnings before tax are 63p (13.56p) per 10p share. e net dividend is lifted from 5559p to a maximum permitted 0186p, and there is an addi-nal 0.00681p for 1977 arising om the reduction in tax rate.

The directors explain that the ofit includes 10 months' contri-tion from Interleasing Truck ntal, acquired during the year. Pre-tax profit was struck after arges of £4.4m (£2.44m). tained profit was £2.1m against 8m.

comment

ager is one of many companies ich has cashed in on the narkable demand for all forms equipment leasing: new iness booked last year uped by 80 per cent while cars rchased for lease totalled 3m. against £57m in 1977. nger does not itemise its activities but in view of the group's own emphasis on future growth in this area, any action the Chancellor takes in the budget is potentially worrying. Profits, meanwhile, reflect the current boom with a 90 per cent rise at the pre-tax level. Second half growth, thanks to the impact of the Ford strike, was admittedly a bit lower and the figures include a net first time contribution (again not disclosed) of perhaps £400,000 from Interleasing Truck Rental. Nevertheless the current period is obviously going well and although total UK registrations are likely to be down in 1979 Ford sales should hold steady if it continues to increase its market share. At 53p the shares are on a fully taxed p/e of 4.3 where the yield is a lowly 1.4 per cent.

Cartwright expands to £0.93m

ON TURNOVER of £5.88m compared with £4.94m, R. Cartwright (Holdings), maker of door and window furniture, boosted taxable profits from £669,383 to £931,285 for 1978, with £392,000 against £296,600 arising in the first six months.

Net earnings per 10p share are given higher at 11.01p (8.68p) and the net dividend total is effectively lifted from 3.6364p to the maximum permitted 4.06061p, with a final of 2.56061p.

Tax took £485,146 (£347,710) leaving net profits up from £321,673 to £446,139. The dividend absorbs £164,525 (£147,336).

Sanderson Murray loss

TURNROUND from £68,000 able profit to a £4,000 loss the half-year to December 31, 8 is reported by the wool l man-made fibres group iderson Murray and Elder ldings). And the directors ect an overall loss for the r, against pre-tax profits last e of £149,000.

The Board says the difficult ding conditions reported in ober have continued and have n aggravated by the transport ays. As a result the rate of has increased since ember.

The directors add that a wool e rise in February improved s but it remains to be seen ther the improvement will sustained. However it appears have been too late to materially reduce an expected overall loss for the year.

Sales for the half-year were down from £2.31m to £2m.

The trading loss came out at £27,000, compared with £47,000 profit, but was reduced by investment income of £23,000 (£21,000).

However the loss is increased to £12,000 (profit £60,500) at the attributable level after a tax charge of £7,500 and minorities of £500.

The directors say that in view of the group's resources a dividend will be paid for the current year. Last year the net payout was 3.465p.

Stated earnings per 50p share are down from 3.2p to a 0.6p deficit.

Further substantial growth for Bambers

TAXABLE PROFITS of Bambers Stores leapt by more than 100 per cent for the second successive year.

In the year ending January 27, 1979, pre-tax profits jumped by 122 per cent from £1.26m to £2.79m on turnover, excluding VAT, of £17.16m, compared with £10.68m. A big increase was forecast at the halfway stage when profits were up from £203,500 to £639,000.

The directors add that current year sales are well ahead of those for the corresponding period last year. They say that the expansion of selling space is continuing. Eleven new stores have been opened during the past eight weeks and many of these are larger than before.

At the end of the financial year the group had 136 shops, compared with 105 at the end of 1978.

The final dividend of 1.2866p net per 10p share lifts the total from an adjusted 1.0224p to 2.21765p. A one-for-one scrip is also proposed. Adjusted earnings per share are shown well up at 19.29p, against 8.89p.

Tax for the year takes £497,000, against £202,000, leaving net profit up at £2.29m, compared with £1.06m. After dividends costing £263,000 (£121,000) retained profit is up from £935,000 to £2.03m.

● comment

The key to Bambers' 1978 performance and its spectacular growth over the last five years, is its success in taking its growing range of low-priced women's and girls' dresses and coats to its potential customers in the provinces and the suburbs. Some 31 new stores were opened in 1978 and these contributed roughly half the revenue increase. The other important factor is the group's control of its selling margin by importing textiles, mainly from the Far East, and having garments made to its own designs at a fixed price by outworkers on contract. Paralleling the sales and profit growth has been a big jump in market capitalisation and the 13 fold increase (if the latest one for one issue is included) in the number of ordinary shares since 1974. With 11 stores opened so far this year and around 30 more openings expected, revenue and profit growth is again likely to be well above retailing sector averages. The shares, at 210, are on a p/e of 10.8 and a yield of 1.6 per cent.

Sharna ahead to £0.7m

AFTER further progress in the second half, Sharna Ware lifted pre-tax profits in 1978 from £700,878 to £914,980 on turnover ahead from £12.98m to £13.93m. At the halfway stage, when the group was optimistic about prospects, it reported taxable profits of £109,276, against £84,567.

Tax for the period takes £322,926 (£370,910), after which stated earnings per 20p share are shown well ahead from 16.68p to 29.94p. The final dividend of 1.6583p net lifts the total from 2.3958p to 3.6633p.

The two joint managing directors of the group, which makes plastic ware, have again waived the final dividend on shares they hold beneficially.

Woolworth looking for profits rise

F. W. Woolworth and Company is budgeting for a further profits increase in the current year. Last year it made record pre-tax profits of £53.1m.

In his annual statement Mr. Stephen Owen, chairman, says the budget for 1979 indicates a further increase in profit at the year end.

The group plans to spend £24.6m in 1979 on modernising, extending and relocating stores and on a new store in Milton Keynes. This compares with £16.4m expenditure last year.

The group's freehold and leasehold properties were professionally valued at £477.6m, an increase of £265.8m over book value. The valuation raises the group's net worth to £549m.

The severe pressure on price margins for the High Street food business has confirmed the decision to reduce dependence on this area of retailing, says Mr. Owen.

The elimination of food from small and medium-sized stores has continued.

Sales space released in this way has been used to improve the ranges in the clothing, DIY, records and other growth areas, adds the chairman.

On a current cost basis last year's profits are shown at £37.01m.

A. G. Stanley makes 74% profit leap to best-ever £1.93m

WITH SALES 34 per cent higher at £21.65m, taxable profits of A. G. Stanley Holdings, retailer of home decorating materials, jumped 74 per cent from £1,109,866 to a record £1,933,483 for the year ended December 30, 1978.

Increased sales, with efficiency throughout the company enabled it to improve net profit margins in England from 7.3 per cent to 9.4 per cent.

Mr. Malcolm Stanley, the chairman, says the results reflect the benefits of careful forward planning during 1976-77, which was designed to enable the company to take rapid advantage of any surge in consumer spending.

Trade in the first six weeks of this year was disappointing due to the severe weather and the lorry drivers' strike which interrupted supplies of seasonal goods.

However, the directors are confident that any lost trade will be recouped before the end of 1979, and they anticipate another record year.

The total net dividend is effectively raised 25 per cent from 3.91345p to 4.9p per 5p share, with a 2.9p final. A two-for-one scrip issue is also proposed, which will give the company trustee status.

The 1978 results exclude the 97 retail shops acquired from Berger Jenson and Nicholson, but these will make a contribution during the current year.

However, because these stores are mainly smaller than those normally operated by the group, the chairman explains that it would be wrong to expect that by nearly doubling the number of retail outlets, group sales will increase by the same proportion.

At half-time, pre-tax profits were ahead at £748,074, after providing for losses of £45,133 in Holland, compared with £503,518 after expenses of £27,389 before opening the Dutch stores.

	1978 £	1977 £
Turnover	21,652,516	16,146,118
Trading profit	1,801,164	1,076,525
Other income	132,319	33,341
Pre-tax profit	1,933,483	1,109,866
Tax	659,000	91,500
Net profit	1,274,483	1,018,366
Goodwill written off	—	257,917
Dividends†	258,398	195,476
Retained	1,016,085	564,973

† After waivers.

● comment

Stanley has turned in full-year profits at the top end of market expectations, and the shares rose 6p to 251p. The 74 per cent profits rise has been achieved on a sales increase of a third, reflecting lower overheads and an underlying volume gain of just under a fifth—a creditable performance given that the overall market for decorative products has shown little growth. Stanley's explanation is that it continues to increase its market share, particularly on the paints side which accounts for 40 per cent of group sales. Growth in wallcoverings has been slower but most of the slack has been taken up by ceramic tiles. This year has started badly because of the lorry driver's strike and it will clearly take some time to recover. Paint margins will get tighter later in the year as the effects of the anticipated 25 per cent increase in raw material prices work through. However, all this should be more than offset by the first-time contribution from Berger (which should bring in around £300,000) and at least a dozen new outlets currently in the pipeline.

The shares are tightly held at present but Stanley hopes the scrip will increase their marketability. They yield just under 3 per cent—roughly in line with the sector—while the p/e is 15.5.

Gross income jump lifts Samuel Props. to £1.32m

WITH a £2.47m jump in gross income backed by a turnround in its share of associated companies' results, Samuel Properties lifted taxable profits from £494,163 to £1.32m in the six months to December 31, 1978.

Gross income of this property investment company expanded from £3.17m to £5.64m. Associated companies turned in a £77,100 surplus compared with a £128,000 loss last time.

	Six months 1978 £	Six months 1977 £
Gross income	5,642,801	3,166,015
Operating profit	2,407,365	1,601,889
Interest payable	1,165,615	979,726
Share of assocs.	77,100	*128,000
Profit before tax	1,318,850	494,163
Tax†	467,100	106,000
Net profit	851,750	388,163
From capital surplus‡	41,583	—
To minorities	3,186	—
Extraord. credit	§148,824	—
To capital surplus¶	328,234	164,307
Available	710,737	223,856
Dividends	278,269	—
Retained	432,468	223,856

* Loss. † Including prior year items. ‡ In respect of development properties. § Arises substantially in associated companies. ¶ In respect of non-distributable profits.

There is an interim dividend this time of 1p net—last year's single payment was 2.345p on taxable profits of £1.43m.

Tax, including prior year items, takes £467,100 (£106,000).

£152,136 for Emray at year-end

Profit of Emray, motor vehicle distributor, was £152,136 in 1978, on turnover of £2.95m.

Mr. David Eldridge, chairman, explains that no meaningful comparison of activities can be ascertained from the 1977 figures, when profit was £135,601 on turnover of £1.91m, in view of the complete change of the group structure.

The basic change is the establishment of a sound UK trading base and the sale of the Zambian interests as from January 1, 1978. Remittances due from Zambia are still subject to exchange controls.

Earnings per 5p share are given as 1.1p.

FS Assurance raises reversionary rates

A substantial increase in reversionary bonus rates has been announced by the Glasgow-based life company FS Assurance in respect of the three years ending December 31, 1978. On all with-profit contracts, both assurances and annuities, with the exception of group controlled funding schemes, the rate is £4 per cent per annum of the basic benefit plus £5.50 per cent per annum of the existing declared bonuses.

This is a change in the bonus system compared with the previous full declaration for the triennium ended 1975. Then the bonus rate was £4 per cent of both the basic benefit and the attaching bonuses. The company made the changeover from January 1977, paying a higher rate of interim bonus on attaching bonuses, compared with that on the basic benefit. The effect of this change is to pay higher bonuses for the longer duration contracts and the company intends to maintain this rate differential in the future.

The rate for group controlled funding schemes is £1.75 per cent per annum calculated on the contingent pensions purchased.

The terminal bonus rate, payable on claims arising on all with-profit contracts, except group controlled funding, is maintained at 20 per cent of the reversionary bonuses attaching at the time of claim. This rate has remained unchanged for the past six years.

MINING NEWS

Union Corpn. is set for another good year

BY KENNETH MARSTON, MINING EDITOR

A CONFIDENT view of this year's prospects for Union Corporation, the South African mining financial and industrial group which is controlled by General Mining, is expressed in the annual report by the chairman, Mr. Ted Pavitt.

He expects demand for gold and platinum to remain relatively strong for the next few years and anticipates higher dividends this year from the group's mining investments, notably Impala Platinum. He also takes the view that South Africa's increased revenue from precious metals will outweigh the extra cost of oil imports and thus allow the Republic to maintain its economic recovery.

The latter point is particularly important since the industrial interests, which provide nearly half the group's revenue, increased their earnings by almost a third last year. The only disappointment was the Sappi pulp and paper set-up but this is expected to do better this year.

● comment

Clearly, Union Corporation is set this year to exceed the 1978 record net profit of R62.5m (£36.2m) and an increase in the 47 cents dividend total is on the cards. Offering an above average yield of over 8 per cent for a South African mining *house, the shares at 327p are not* overpriced. Looking ahead there is the term prospect of the group's important South African and Australian mineral sands interests coming into the earnings picture; full production at the new R73m Unisel gold mine is expected in November; while the R200m uranium-gold Beisa Mines is due to start up in 1982. Presumably, Union Corporation shareholders will be given preferential treatment in the proposed eventual offer of Beisa shares. In all, Union Corporation looks to be an attractive South African investment but, as with all overseas stocks, the share price is vulnerable to any removal of the investment dollar premium.

Rossing's progress

ROSSING URANIUM, the Rio Tinto-Zinc group's mine in Namibia (South West Africa), is likely to resume full production within the next month. A new solvent extraction plant is being run in, thus bringing into place all the equipment to achieve the rated capacity of 5,000 tonnes of uranium oxide a year.

Since the first uranium output in mid-1976, Rossing has been worried by a series of costly technical and design difficulties, culminating in a fire, last May, which severely damaged one of the mine's two solvent extraction plants.

The necesssity to replace this plant inevitably held back production last year, and when the figures are published, they will show that output was substantially less than the 4,000 tonnes hoped for in the early months of 1978.

Provided there are no technical difficulties with either the new plant or with existing equipment, production this year could move up closer to 5,000 tonnes, bringing within reach a target which was first set for 1976.

But higher output is also dependent on harmonious labour relations. In January there was a short strike at Rossing, ostensibly about pay, and this was called off when management agreed to have a series of discussions with a committee representing the mine workers about wage levels. These discussions are continuing.

Rossing has a contract to supply 7,500 tonnes of uranium oxide to British Nuclear Fuels over a period of about the next five years.

ROUND-UP

Patino, the Netherlands-based group with extensive mining interests in Canada and Brazil, announced net income of $8.65m (£4.2m) for 1978, against $5.7m in 1977.

* * *

A turndown in the bauxite markets has led Comalco, the Australian producer owned by Conzinc Riotinto of Australia and Kaiser Aluminium, to slow its expansion programme at Weipa in Queensland. The programme aims to increase production to 11.25m tonnes a year from 10m tonnes.

* * *

Noranda Mines will not now sell its Granisle, British Columbia, copper operations to Zapata Corporation. An agreement to sell fell through when the Canadian Government failed to grant its approval.

OIL AND GAS NEWS

Texaco-Canada to spend $25m

A CONSORTIUM of Canadian oil companies, with Texaco-Canada as operator, are to go ahead this summer with the drilling of an exploration well off the Newfoundland coast scheduled to be drilled in some 1,500 metres (5,000 feet) of water, the deepest water depth at which conventional exploratory drilling has ever taken place.

The well, Blue E-18, is situated about 300 km (185 miles) north-east of St. John's and is expected to cost more than C$25m (£10.5m). Total depth is expected to be approximately 5,800 metres (19,000 feet) below sea level.

Drilling is to be undertaken by the drillship Discoverer Seven Seas. The latter also drilled the well which holds the current world record for water depth. That well was recently drilled offshore Spain in a water depth of 1,326 metres (4,420 feet).

Texaco-Canada has opened an office in St. John's as a base for directing operations this summer. Discoverer Seven Seas is expected to arrive at St. John's during April to take on equipment and supplies before proceeding to the wellsite.

Other participants in the well are Petro-Canada, Hudson's Bay Oil and Gas, Home Oil and Dome Petroleum. The well is being drilled on lands held by Shell Canada Resources and Shell Explorer.

The C$25m Texaco-Canada well is only a small part of the huge expenditure on oil exploration off Labrador and Newfoundland this summer, which is estimated to be in the region of C$200m. This compares with roughly C$335m spent on offshore drilling programmes over the previous 15 years.

Among other companies exploring the Atlantic off Labrador and Newfoundland are Esso Resources Canada, Total Petroleum, BP Petroleum, Chevron Standard, Amerada, Total Eastcan, Gulf Canada, Aquitaine Canada, Sun Oil, AGIP and Shell Canada.

A consortium consisting of Total Eastcan, Petro-Canada, Gulf Canada, Aquitaine, Amerada and Total Petroleum, will be the largest offshort operator. The group is to spend C$65m drilling three wells off the Labrador coast.

36 companies wound-up

Orders for the compulsory winding up of 36 companies were made by Mr. Justice Vinelott in the High Court. They were:

Lennelric, Atlantic Islands Trading Company, Scanlon Construction (Northern), John Dengate and Son, J. H. Sandland, M. and M. Handling, Rusketh, Tower Developments (Engineers), Vesterpark.

F. J. Baynes and Company, Lobrest, Rosecast, Berrico Mailings, Abbeybest.

Verlant, Ribjac, Car and Electrical Services, Mal Gee Restaurant, Leonard Green (1971).

Leonard Green (Midlands), Adonwhite Promotions, Gazelle (Engineering and Maintenance), R. J. Bowditch and Son (Hants.), Antryno.

Quistjudge, R. Barden, Bowyers Landscape, Thai Sugar Trading (UK), Narieglow.

Drangee, Patchglen, Pilgrim Heating Services, Swedish T.M.S. Transport Management Systems, Apollo Estates, Southworth Europe, Dafberry.

City and Intl. Trust progress

Franked income of City and International Trust advanced from £362,522 to £429,871 in the six months to February 28, 1979, and unfranked income rose from £195,666 to £206,349.

Net earnings for the period finished higher at £315,884 compared with £272,712, after administration expenses £34,725 (£31,755), interest charges £89,381 (£71,211), tax £43,873 (£48,753), tax credits £141,857 (£123,257) and preferred dividends £10,500 (same).

Earnings per 25p share are shown to have risen from 2.01p to 2.32p and in part to reduce disparity with the final, the interim dividend is lifted from 1.5p to 2p at a cost of £271,914 (£203,724).

After providing for the ordinary dividend, the gross asset valuation at February 28 was £21.79m (£21.72m at August 31, 1978). The net asset value per share was 140.5p (139.6p) and after allowing for the conversion of the 4½ per cent convertible unsecured loan stock 1989-94 was 140.2p (139.3p).

Abwood sees substantial improvement

The directors of Abwood Machine Tools are confident that results for the current year will show a substantial improvement over the previous year, when £42,000 pre-tax profits were achieved.

An increase over last year's 0.375p net dividend is also anticipated for this year.

As known, pre-tax profits for the half year to September 30, 1978 increased from £18,607 to £35,232, on turnover of £563,406 (£402,496).

Mr. G. J. Suckling, the chairman, says the company's forward order book is still adequate although largely supported by overseas orders.

The U.S. continues a fairly strong market for the company, although more recently, orders from the Middle East and China have produced a better balanced export picture.

BIDS and DEALS

Extel's major expansion move

Exchange Telegraph Company (Holdings), the information and printing group, has bought Wigmore Holdings, which owns Royds Advertising Group, for £5m in cash and shares. The acquisition is a major move for Extel since Wigmore's net assets are half as big as its own.

Mr. Alan Brooker, managing director of Extel, described the purchase as "totally logical." Both Royds and Extel were service businesses handsomely backed by assets, he said. The combined group would offer a wide range of information and communication services.

The different parts of the group would not blindly channel all business to other group companies, said Mr. Brooker. But the financial advertising and printing sides of Extel and the advertising of Royds could be expected mutually to benefit from being part of the same organisation. There would be cross-fertilisation and marketing benefits.

Royds Advertising Group was listed as the fifth largest in billings in a survey published this year. It includes agencies in London, Manchester, Birmingham, Bristol, Cardiff, Belfast, the Isle of Man and Dublin.

Wigmore owns freehold property with a book value of £1.9m, of which £1.6m is property valued in 1971. It had minimal borrowings in its last balance sheet. Its profits rose from £226,000 in 1973-74 to £1m in 1977-78.

The consideration for the deal was £5m, satisfied by £4.2m in cash and 528,466 new ordinary Extel shares.

Extel has confirmed its earlier forecast that profits for this year will exceed those of 1978-79. The directors are now "confident" that the increase will be achieved.

BL AUSTRIAN SUBSIDIARY SOLD FOR £3M

Leyland Austria Gmbh of Salzburg and its Vienna branch will be taken over on March 31 by Herr Erwin Janko, an Austrian importer of Rolls-Royce and previously main Vienna dealer for Jaguar and Rover.

The new company, E. Janko Gmbh, is understood to be paying £3m by the end of 1980.

Leyland Wien Gmbh will also be taken over and later converted into a joint stock company.

A Leyland spokesman said the sale was in line with the policy of concentrating on rationalisation and production at home.

Leyland's market share in Austria fell from 6.2 per cent in 1970 to an all-time low of 1.5 per cent last year.

It is understood Herr Janko will concentrate on Jaguar, Rover and Mini models and will carry out a radical reorganisation.

Rockwell's offer 'will not be increased'

BY JOHN MOORE

Rockwell International of the U.S. said last night that its 115p per share offer for Wilmot Breeden, the UK engineering group with large interests in motor component manufacturing, "will not be increased."

Rockwell's statement came barely 24 hours after Wilmot said that it wanted a 135p per share offer to be made before it recommends any bid from Rockwell.

Rockwell's statement welcomed Wilmot's remarks of the previous day "that a merger with Rockwell would not be against the interests of the employees, suppliers and customers of Wilmot Breeden both in the UK and overseas."

Rockwell added that it will give the staff and employees of Wilmot Breeden "all reasonable assurances regarding the continuity of employment and pension entitlements of employees" and Rockwell wants discussions "on this important aspect" to be completed as soon as possible. Rockwell is asking Wilmot Breeden to arrange consultations "at an official level with representatives of Wilmot Breeden's trade unions.

Under the City code on Takeovers if expressions such as "the offer will not be further improved" are included in the documents sent to shareholders of the company that is being bid for, the bidder is not subsequently permitted to revise his offer.

Wilmot's advisers, Morgan Grenfell, said last night: "If there is agreement for a higher offer it would be surprising if the Take-over Panel did not allow the bid to take place. After all there is identity of interests, and it would not be in the shareholders' interests for Rockwell to be held rigidly to its statement."

Rockwell has already acquired a 29.98 per cent stake in Wilmot in the stock market last Friday. The price it paid was 115p per share.

DIRECTORS' OFFER FOR JANTAR

Mr. Edward Nassar, a director of tin and columbite mining concern Jantar is bidding for the 70 per cent of the company which he does not already own. The offer of 9½p per share values the company at £181,300.

The move follows a purchase of 1,000 shares by Mr. Nassar which took his holding to 588,500 shares, about 30.05 per cent of the equity.

He has been obliged to bid for the balance of the equity, under Rule 34 of the code on takeovers and mergers.

The price that he is offering for the outstanding equity is the highest price he has paid during his recent purchase.

Jantar's Board said, yesterday, that it was considering the offer and will be "writing to shareholders in due course with their views." Meanwhile shareholders were advised to take no action.

Hoveringham purchases

Hoveringham Group, the building materials concern, has purchased two companies, Leahs Supply and Alfreton Transport, in a cash and share deal worth in total £650,000.

The companies are engaged in builders merchanting and ancillary warehousing and transport activities. Both are based at Alfreton in Derbyshire and were previously managed by a common group of directors.

Hoveringham is paying £350,000 in cash, with the balance of £300,000 of the consideration being satisfied by the issue of 337,073 restricted voting shares in Hoveringham at 89p.

In addition, further shares representing not more than £200,000 could be issued to the vendors depending on performance of the companies over an agreed period.

The aggregate net profit before tax of the companies for the year to September 30, 1978, was £154,060, and the aggregate book value of the net tangible assets of the companies as at September 30, 1978, was £281,481.

In the accounts of Leahs Supply Co. for the period ended September 30, 1978, a directors' valuation of freehold property was substantially in excess of its £82,082 book value.

ATTOCK PETROLEUM

At the annual meeting of Attock Petroleum chairman, Mr. A. P. de Boer announced that the group's investment in Attock Oil Company would be reduced to 5.4 per cent of the capital by the sale to Finance and Investment International of 1.75m ordinary shares for £1.75m cash.

Proceeds will be applied in reducing overseas borrowings, and increasing investment in oil and gas exploration and production in the U.S.

MILLS & ALLEN

Mills and Allen International, advertising contractors and foreign exchange brokers, has acquired Savage and Heath, the foreign exchange and currency deposit business, in a £700,000 deal.

Mills and Allen, which earlier this week sold its 14 per cent stake in William Whittingham, already has foreign exchange interests through its Harlow Meyer subsidiary. Mr. Clive Hollick, Mills and Allen managing director, said that the two businesses were complementary and would be progressively merged over the next 12 months into one trading operation.

ETAM CONFIRMS APPROACHES

ETAM, the privately owned womenswear fashion chain, confirmed yesterday that it had been approached by a number of potential suitors, including Combined English Stores. But the group stressed that any talks were only at a very early stage.

Mr. Alan Howard, Etam's chairman, said: "We have had preliminary talks with one or two interested parties but it is totally wrong to suggest that any of these discussions are anywhere near a final stage—with Combined English or anybody else."

Etam has been a lossmaker since it announced pre-tax profits of £1.2m for the year ending February 1, 1976. In the year to February 1, 1978, the group announced a pre-tax loss of almost £978,000 on sales of £13m.

VICKERS BUYS BRISTOL AEROJET

The company, which developes and manufactures rocket motor casings, was previously owned by R-R Realisations (formerly Rolls-Royce) and the Aerojet-General Corporation of California.

The payment was made up of £692,000 for the whole of the issued share capital, and £575,000 in repayment of indebtedness.

SYDENHAM/ICFC

Industrial and Commercial Finance Corporation has advanced £95,000 to Sydenham and Company Holdings to effect the acquisition of the Tabular Group of Companies.

The loan has a 15-year term where repayments will be made at a fixed rate of 13½ per cent through six monthly equal instalments. The enlarged group is claimed to be the leading printer of point of sale material in the UK.

DAWNGRANGE

The takeover offer by Dawngrange for Jacksons Bourne End has closed, leaving Dawngrange with a 58.7 per cent stake in the group.

Shareholders controlling 7,719 shares accepted the £1 cash a share offer. However, Jacksons' share price last night was still some way above this, with the shares closing at 158p—down 5p.

UK COMPANY NEWS

Stag's 68% profit rise: steps up dividend by 35%

FOR THE year 1978, Stag Furniture Holdings achieved an increase in profits of 68 per cent to £2.28m and has received Treasury permission to raise its dividend by 35 per cent.

The final payment is 4.2p to lift the net total from 4.8p to 6.5p per 25p share. Earnings are shown to have increased from 21.06p to 37.1p.

The current year has seen some disruption from the weather and lorry drivers' strike, but output for the first two months has not been far short of plan and all companies are busy.

The 1978 profit includes £118,000 earned by Meredew Furniture since acquisition on November 1.

	1978 £000	1977 £000
Turnover	20,730	16,609
Profit before tax	2,286	1,358
Taxation	769	534
Net profit	1,517	824
Preference divs.	85	11
Ordinary	251	185

Defered tax is now accounted for on the liability method to the extent that any potential liability for payment can be foreseen and the comparative figures for 1977 have been restated.

Bank balances and cash total £333,000. Reserves have increased to £5.63m, compared with £1.63m at December 31, 1977, reflecting the change of accounting for deferred tax, a surplus on property revaluation, the surplus arising on acquisition of Meredew and the retained profit. Full details will be shown in the annual accounts.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ingall Industries, Lucas Industries, Radley Fashion, Samuel Properties, Wombwell Foundry and Engineering.

Finals—A.P.V., BBA Group, BICC, Biddle Holdings, Booker McConnell, British Mohair Spinners, Bruntons (Musselburgh), Coates Brothers, Desoutter Brothers, House of Fraser, Alexander Howden, Jamesons Chocolates, Percy Lane, Leyland Paint and Wallpaper, Magnolia Group (Mouldings), Bernard Matthews, Marconcrete, News International, Austin Reed, Royco, Solicitors' Law Stationery Society, Tharsis Sulphur and Copper, Wolstenholme Rink.

FUTURE DATES

Interims—	
British Sugar	May 3
Burndene Investments	April 3
Consolidated Gold Fields	April 4
Coronation Syndicate	April 18
Finals—	
Beradin Rubber Estates	Mar. 30
Black and Edgington	April 3
Bowthorpe	April 12
Carron	April 5
Catalin	Mar. 30
Dreamland Electrical	April 17
Glynwed	April 11
Grampian Holdings	April 5
Hill (H. and J.)	Mar. 30
Laird Group	Mar. 31
London Brick	April 5
Ocean Transport	April 3
Padang Senang Rubber	Mar. 30
Phoenix Assurance	April 4
Rowntree Mackintosh	April 9
Southampton, Isle of Wight Steam Packet	April 4
Twefontein United Collieries	April 19

Marine loss and £s strength hold Rotork down to £3.3m

A LOSS on the marine business and the strength of sterling held back Rotork in 1978. Taxable profits were steady at £3.3m, against £3.22m, on turnover up £3m at £18.85m.

At the halfway stage pre-tax profits were static at £1.4m.

The directors say that the 18 per cent increase in sales and the 4 per cent rise in trading profits reflected the continuing pressure on margins.

They expect the marine side to trade profitably in the current year, but throughout the group trading conditions are highly competitive.

The group has continued to increase investment in research and development to hold its technical position in its markets. New products are being introduced in the current year. These include a range of pneumatic actuators in the U.S. which should produce a positive contribution next year.

The final dividend of 0.66p net lifts the total from an equivalent 1.18p to 1.31p. Stated earnings per 10p share are down from 10.2p to 9.7p.

	1978 £000	1977 £000
Turnover	18,846	15,898
Trading profit	3,191	3,072
Interest	148	173
Exchange losses	36	22
Profit before tax	3,303	3,223
Tax	1,445	1,352
Exchange losses unrealised	138	217
Extraord. debit	16	186
Attributable	1,704	1,468
Dividends	280	193
Retained	1,424	1,275

After tax of £1.45m (£1.35m) net profit comes out at £1.86m, against £1.87m. But a drop in unrealised exchange losses from £217,000 to £138,000 and extraordinary debits down from £186,000 to £16,000 lifts attributable profits from £1.47m to £1.7m.

● comment

Rotork has clearly had a difficult year, a victim of squeezed margins and heavy international competition. The modest 4 per cent growth in trading profits is quite a creditable result, given the level of real and potential currency problems the downturn in the valve market, which has hit Rotork's most important profit-maker, the actuator division. The company intends to broaden its interests from electric actuators to take in pneumatic actuators—a step which will be reflected in an increased turnover in 1979, though the full effect will not come through to profits until 1980. The share added 5p yesterday to 63p where the yield is 3.1 per cent and the p/e is 8.4.

Barton and Sons 9% higher

SECOND-HALF pre-tax profits of Barton and Sons, tube manufacturer and engineer, dropped from £2.24m to £2.01m, but the total for 1978 was 9 per cent higher at £3.94m, compared with £3.62m, on turnover up 6 per cent to £43.35m.

Since the half-year end, the group has sold its South African company, which has accounted for some £400,000 in loss of profit. In addition to its UK activities, Barton still has a substantial operation in Canada.

Trading profits for the year rose from £3.96m to £4.18m, although only the engineering division, up from £1.49m to £1.94m, increased its contribution. Profits from tubing and fabrication were lower at £1.55m (£1.7m) and £0.69m (£0.77m) respectively.

With deferred tax no longer provided for, tax charge takes £1.08m (adjusted £0.91m), giving stated earnings of 15.7p (14.9p) per 25p share, before an extraordinary debit of £343,000 this time, representing a £315,000 loss on the sale of the South African investment and closure costs.

The dividend total is effectively increased from 2.7489p to 3.0703p net, with a final of 1.9703p. A one-for-five scrip issue is also proposed.

	1978 £000	1977 £000
Turnover	43,347	40,805
Tubing	17,881	20,052
Fabrication	11,410	9,085
Engineering	14,056	11,148
Trading profit	4,183	3,963
Tubing	1,554	1,701
Fabrication	689	772
Engineering	1,940	1,490
Deposit and loan inc.	73	17
Interest payable	319	359
Profit before tax	3,937	3,621
Tax	1,079	907
Net profit	2,858	2,714
Preference dividends	13	13
Ordinary dividends	562	499
Extraord. debits	343	—
Retained	1,940	2,202

IN BRIEF

AUTHORITY INVESTMENTS — Profit 380,803 (£398,964), before tax £812 (£4,940). Exceptional exchange loss on foreign loan repaid £9,283 (release on part of exceptional provision £54,440), extraordinary debit £80,134 (£64,141). Earnings per 20p share 7.41p (5.88p), no dividend (same).

C.S.C. INVESTMENT TRUST — Profit for 1978 £124,387 (£107,116) before £41,426 (£38,178) tax. Final net dividend 2.75p, making 5.25p (4.375p). Net asset value per 25p share 108.99p (107.8p).

BERNARD WARDLE (plastics processors, etc.)—Results for December 3, 1978, reported February 16. Group fixed assets £8.06m (£6.92m), net current assets £3.83m (£2.73m). Net liquid funds decreased by £841,000 (£686,000 increase). Chairman says widespread prevalence of strikes has harmed trading in first two months of current year. Birmingham and Midland Counties Trust holds 21.76 per cent of equity. Meeting, Winchester House, EC, April 18, noon.

WEBER HOLDINGS (investment, property and footwear)—Results for 1978, reported February 23. Group fixed assets £0.27m (£0.19m); fixed investments at market value £0.51m (£0.48m), net current assets £0.28m (£0.32m). Working capital down £28,392 (up £12,578). J. Leon holds 48.9 per cent. Meeting, 63-65, Piccadilly, W., April 27 at 4 pm.

NO PROBE

The proposed mergers between the UK interests of the Eaton Corporation/the UK interests of Cutler Hammer and Incorporated and Royal Insurance Company/Aachener and Muenchener Versicherung are not to be referred to the Monopolies Commission.

BOC PAYMENT

Pursuant to the terms of the agreement for the acquisition of software Sciences International, BOC International has paid an additional £1,308,823 to be satisfied by the issue of 1,857,072 ordinary shares and cash.

Additional consideration will become payable based on the results of Software Sciences for the years ending in 1979, 1980 and 1981.

SHARE STAKES

Wilmot Breeden (Holdings)—Andrew Weir and Co. disposed of its entire holding of 1.65m ordinary shares (7.9 per cent of shares in issue) on March 23.

Guthrie Corporation—M and G Investment Management has acquired a further 45,000 ordinary. Baring Brothers purchased 50,000 ordinary on March 27 at 537p for their own account.

British Land — Mr. Sidney Morris in his capacity as executor of the estate of the late Mr. Felix Donovan Fenston no longer has a notifiable interest in the ordinary shares. The entire holding of 4.26m shares has been placed.

McKechnie Brothers — Kuwait Investment Office has acquired further shares making a total interest of 5.39 per cent.

Brigray Group — Mr. David Deen, director, sold on behalf of himself and In Gear Ltd. 480,500 shares in Brigray (6.32 per cent), on March 22, at 8p per share. He now holds 1m (13.15 per cent).

Tebbitt Group. Tiger Securities, of which Mr. R. J. Knight is also a director, has acquired a further 1m shares and is now interested in 21.6 per cent.

Hampton Trust. Cleves Investments has purchased 1.08m (9.37 per cent) ordinary.

Pressac Holdings. London Atlantic Investment Trust now holds 125,000 and Estate Duties Investment Trust 229,000 ordinary.

British Tar Products. London Trust Company now holds 1.4m ordinary (3.68 per cent).

Bankers' Investment Trust. Pearl Assurance has acquired a further 0.35m ordinary and now holds 6.9 per cent.

Food Brokers' U.S. venture

THE FOOD BROKERS company yesterday launched a new venture to provide European manufacturers an inroad into the competitive but lucrative U.S. grocery market.

FB Ltd. USA Inc., is a joint venture company formed by Food Brokers of the UK and the Los Angeles-based Tudor Company. The new company, with a shared nominal capital of £55,000, offers a complete management service to British and European manufacturers wishing to sell in the U.S.

AA medal for safety device

QUINTON Hazell Automotive has won the Automobile Association's national motoring award gold medal for 1978 for its Underider safety device, designed to reduce the severity of impact should a vehicle run into, and below the level of, the rear platform of heavy lorries.

The awards, which provide for the presentation of gold and up to three silver medals for significant contributions to motoring, were presented by Lord Erroll of Hale, chairman of the AA, in London this week.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Bank of Montreal calls off Bankers Trust deal

BY OUR FINANCIAL STAFF

BANKERS TRUST, the eighth largest U.S. bank, and Bank of Montreal, have failed to reach agreement on the sale of 89 Bankers Trust branches in New York to the Canadian concern. The deal, which would have involved the transfer to Bank of Montreal of some $1bn of retail banking assets and would have given the Canadian bank a significant foothold in the New York retail banking market, foundered on the question of Bankers Trust's credit card business.

Bankers Trust said that the ending of negotiations is a result of inability to agree on the basis of sale for the credit card operation, and on the terms of providing continuing operating and other services by Bankers Trust to Bank of Montreal during the transition period.

The original announcement of the sale in November said that talks over the credit card business of Bankers Trust, which has some $400m of assets, were at a preliminary stage.

Mr. William Mulholland, the Bank of Montreal president and chief executive, told a news conference on Tuesday that the bank was insisting that the credit card business should be part of the transaction, but that Bankers Trust was arguing that it had the right to sell that business separately.

Mr. Mulholland said that a credit card operation was essential to the Canadian bank's successful entry into the New York retail banking market.

Bankers Trust said yesterday that it is considering other sale options that are consistent with its corporate strategy, which places increased emphasis on the bank's strengths in the wholesale commercial banking, trust and money market business.

The news follows an announcement on Tuesday evening that Bank of Montreal had reached agreement to buy 25.1 per cent of Allgemeine Deutsche Credit Anstalt of Frankfurt for an initial C$39m (US$33m).

A clause linking the purchase price to future earnings of the West German bank may take the cost of the deal to C$44m. Bank of Montreal has a seven-year option to buy a further 25 per cent of ADCA at a price of C$44m for the first two years, plus interest of 6.5 per cent thereafter.

News of the deal was greeted with surprise in Frankfurt banking circles. ADCA's performance in recent years has hardly been sparkling, and Wells Fargo International Investment Corporation of San Francisco, which formerly held more than 25 per cent of ADCA's equity, has substantially reduced its holding in the bank.

Socal maintains home output

SAN FRANCISCO — Standard Oil of California (Socal) said in its annual report that it expects to maintain domestic oil production "at least at current levels" for the next few years and plans to increase domestic natural gas production capacity in 1979.

In its foreign operations, Socal said it plans to participate in drilling exploratory wells in additional areas such as Irian Jaya in Indonesia and off the coast of Gambia, Ireland, Brazil, and in the East China Sea between Korea and Japan.

Socal said previously reported 1978 net income was reduced by $4.92 a share by world-wide income taxes, 26 cents a share from complying with Government regulations, and 36 cents a share from environmental expenditures.

Socal earned $6.48 a share in 1978, up from $5.89 in 1977.

Socal said it has no specific plans to alter its investment in Amax. Socal, which owns 20 per cent of Amax, had made a proposal to acquire the remaining 80 per cent, but was turned down by the Amax directors in September.

The company said the high boost in crude oil prices will undoubtedly lead to further increases in the prices for all petroleum products this year.

Reuter

Ashland Oil increases dividend

NEW YORK — Ashland Oil is increasing its dividend from 40 cents to 50 cents a share, payable June 15 to shareholders on record at May 21.

The company said its earnings for the first five months of the current fiscal year ending September 30 are up about 50 per cent over the corresponding 1978 period. Earnings per share are up over 80 per cent as a result of Ashland's purchases of nearly 10m shares of its common stock earlier in the fiscal year.

The board has authorised the further purchase of up to 5m shares at a maximum price of $45 a share. The new purchases will be made on the open market or in block transactions.

The company also said the sales of its domestic oil and gas properties for a total of $744m are anticipated to be closed during April and May, subject to the completion of definitive contracts and satisfaction of customary closing conditions.

Reuter

Judge rules on letters of credit

By Stewart Fleming in New York

A NEW YORK State supreme court judge has ruled that two of the worlds leading international banks cannot be prevented from meeting their commitments under letters of credit to the Iranian government, even though the agreements were entered into before the collapse of the Shah's regime.

Although the decision was appealed by AT and T on a point of law to the New York Supreme Court, appellate division, legal experts suggested that the judge's opinion was so sweeping that the Court is unlikely to overturn it.

There have been fears that if the attempt to prevent banks from meeting any payments succeeded, the letter of credit as a financial instrument would be seriously devalued. Currently U.S. banks have an estimated $24bn of such commitments outstanding.

The letters of credit cover downpayments made by Iran to the U.S. companies, with the understanding that Iran could demand repayment at any time.

The cases which Judge Michael J. Dontzin decided were brought by American Telephone and Telegraph and a subsidiary against Manufacturers Hanover Trust, and by GTE International and GTE Iran against Manufacturers Hanover and Credit Lyonnais.

Arguing that its contract with Iran has been breached since the revolution, and that it is owed substantial sums under cancellation provisions, AT and T sought to block payments to Iran under the letter of credit.

In his decision that the conditions of the letter of credit still apply in spite of the change of government in Iran, Judge Dontzin says that the present Government of Iran has succeeded to the position, right and obligations of the former Government.

He argues that the application of a letter of credit is separate from the underlying business transaction, suggesting that AT and T has the opportunity to go to the courts for relief on its complaint. The Iranian Government has not made claims on the letters of credit.

Cities Service write-down

TULSA—Cities Service said its 1978 net profit was reduced to $118m or $4.27 a share from the previously reported $202.5m or $7.32 a share, because of a charge to income from a write-down of investment in its industrial chemicals complex at Copperhill, Tennessee.

The charge to pre-tax income was $158.5m and to net income $85.5m, or $3.09 a share.

The company had 1977 earnings of $310.2m or $7.62 a share.

The Board said previously that the Copperhill facilities had incurred losses in each of the years since a modernisation and expansion project was completed in 1973.

Modifications completed in 1978 did not produce the operating reliability or costs necessary to meet overseas competition for iron pellets.

As a result, the company announced on March 13 that it would cease operation of the pellet facilities, a significant part of the total complex.

Cities Service said the new figures include an adjustment for employee benefit accruals of about $1m.

Reuter

Federal move in Sears suit

WASHINGTON—The Justice Department has filed in the Federal Court seeking dismissal of an anti-discrimination suit brought by Sears Roebuck.

Mr. Griffin Bell, the Attorney General, said the court lacks jurisdiction in the matter and Sears has failed to stake a claim upon which relief could be granted.

Sears filed the suit in January alleging that past practices of 10 Federal agencies have been responsible for creating a racially and sexually unbalanced work force in which white males predominate.

The company charged that as a result of government policies, private employers are prevented from achieving the kinds of racial and sexual balances among employees demanded by the Federal agencies.

Mr. Bell said in a brief filed in U.S. district court here: "Simply put, the complaint is a political essay, not a lawsuit."

Reuter

Eastman Kodak

Eastman Kodak expects to spend $609m this year on capital expansion compared with $442m in 1978, the company said in its annual report. Most of the capital budget of $425m is for the photographic division. AP-DJ reports from Rochester.

Gamble-Skogmo

Gamble-Skogmo is raising its quarterly dividend from 35 cents to 37½ cents a share, payable April 30, Reuter reports from Minneapolis. The increase reflects improvement in the company's two major business groups, merchandising and financial services.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published the second Monday of each month.

Closing prices on March 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...ver Int. F. XW 7¾ 89	200	84¼	84¾	+0⅛	+0⅛	8.78
...CA 9¾ 84-99	80	95½	96⅛	0	0	9.80
...nada 9 83	400	98¼	98⅝	0	+0⅛	9.87
...nada 9¼ 98	350	96⅞	97⅛	+0⅛	+0⅛	9.61
...w Chem. O/S 9¾ 94	200	97¼	97⅝	+0⅛	+0⅛	9.83
... 9⅛ 88	125	94⅛	94⅝	+0⅛	+0⅛	9.98
... 9¾ 85	150	99½	100	+0⅛	−0⅛	9.81
... 9⅞ 99	100	100¼	100⅝	+0⅛	+0⅛	10.07
...port Dv. Cpn. 9.85 84	150	100⅛	100⅞	+0⅛	0	9.68
...port Dv. Cpn. 9¼ 84	100	97⅝	98⅛	0	+0⅛	9.81
...sportfinans 9 86	50	96	96½	0	+0⅛	9.71
...land 9 88	100	95¼	95¾	0	+0⅛	9.87
...land 9½ 88	100	97¼	97⅞	0	+0⅛	9.99
...E Fin. 9¾ 84	50	98	98½	0	+0⅛	9.86
...uld Int. Fin. 9¾ 85	50	99½	100	0	0	9.80
...spital O/S 9 83	25	97⅜	97⅞	−0⅛	+0⅛	9.65
...dson Bay Co. 10 84	50	100½	101	0	+0⅛	9.90
...Finance 9¾ 90	30	94½	95	−0⅛	+0⅛	10.54
...C. Penney 8½ 83	100	96⅛	96⅝	+0⅛	+0⅛	9.60
...nitoba 9½ 89	75	97	97½	0	+0⅛	9.94
...w Brunswick 9¾ 94	75	97⅛	98⅛	+0⅛	0	10.03
...wfoundland 10 94	50	98½	99	0	+0⅛	10.16
...rsk Hydro 9¾ 94	50	96½	96⅞	0	+0⅛	9.65
...rway 9¾ 84	150	100½	101	+0⅛	+0⅛	9.77
...rtland 10 84	50	97¼	97⅝	0	0	10.70
...ebec Hydro 9½ 93	50	96½	97	0	0	9.92
...dland Fin. XW 9½ 91	25	92½	92⅞	−0⅛	+0⅛	10.61
...ars Roebuck 9 82	150	98¼	98¾	0	−0⅛	9.60
...ockholm 9¾ 94	60	99½	100	+0⅛	+0⅛	10.02
... 9½ 88	200	98½	98¾	0	−0⅛	9.62
... 8¾ 83	150	95⅜	95⅝	+0⅛	+0⅛	9.70

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...merican Ex. Int. 6½ 87	70	95¼	96	−0⅛	−0⅛	6.22
...gentina 6½ 88	150	93⅜	94½	0	−0⅛	7.43
...stralia 6 88	250	99½	99⅞	−0⅛	−0⅛	6.08
...stria 5¾ 90	150	92½	93	−0⅛	−0⅛	6.66
...nco Desarrollo 7¼ 86	100	98	98½	0	−0⅛	7.59
...nkamerica 5¾ 90	150	96½	97	−0⅛	−1⅛	6.19
... Ext. Algerie 7¾ 85	100	97⅛	97⅞	0	0	7.74
...azil 7¼ 87	150	99⅝	100⅛	−0⅛	−0⅛	7.26
...CA 6 88	150	95⅛	96⅛	−0⅛	−0⅛	6.51

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	98⅛	99½	0	−0⅛	9.22
Auto Cote B 7 93 EUA	15	81½	82⅛	0	0	7.93
Komm. Inst. 7½ 93 EUA	15	97⅛	98⅛	+0⅛	+0⅛	7.70
Panama 8¾ 93 EUA	20	94½	95⅛	+0⅛	−0⅛	8.25
SDR France 7 93 EUA	22	94½	95⅞	+0⅛	+0⅛	7.55
Algemene Bk. 6⅛ 83 Fl	75	95⅞	96⅛	0	+0⅛	7.33
CFE Mexico 7½ 83 Fl	75	98¼	99	0	+0⅛	8.12
EIB 7¾ 85 Fl	75	94¼	95½	0	+0⅛	8.23
New Zealand 6¾ 84 Fl	75	94⅛	95¼	0	0	7.84
Norway 8¼ 84 Fl	100	100⅞	101⅞	+0⅛	0	7.98
Elf Aquitaine 9¾ 88 FFr	150	96⅞	99⅛	0	0	9.89
EIB 9¾ 88 FFr	200	99	99½	+0⅛	0	9.86
Norway 9¼ 84 FFr	200	99½	100⅛	0	0	9.31
PSA Peugeot 9¾ 87 FFr	175	99⅛	99⅞	+0⅛	0	9.81
Total Oil 9¾ 87 FFr	150	97¾	98½	−0⅛	−0⅛	9.72
Unilever 10 85 FFr	100	101	101¾	+0⅛	−0⅛	9.89
CECA 9¾ 89 £	20	88¾	89⅛	+0⅛	+1⅛	11.52
Citicorp 10 93 £	20	89½	90⅛	+0⅛	+1⅛	11.53
EIB 9¾ 88 £	25	92⅛	93¼	+1⅛	+2⅛	10.99
Finance for Ind. 13 91 £	15	103⅛	104⅛	+0⅛	+2⅛	12.36
Fisons 10½ 87 £	10	91½	92⅛	+0⅛	+0⅛	11.69
BAT 8 88 LuxFr	250	97¼	98¼	0	0	8.36
Bayer Lux. 8 86 LuxFr	250	97⅛	99⅛	0	−0⅛	8.24
EIB 7¾ 88 LuxFr	250	96⅛	97⅛	0	−0⅛	8.19
Euratom 8 87 LuxFr	500	100	101	+0⅛	+0⅛	7.81
Finland I. F. 8 88 LuxFr	250	97½	98⅛	0	+0⅛	8.33
Norway 7¾ 83 LuxFr	250	97⅛	98⅛	0	0	[illegible]
Nornes Km. 8 86 LuxFr	500	9[illegible]	9[illegible]	0	−0⅛	8.12
Renault 7¾ 88 LuxFr	500	97⅛	98⅛	0	+0⅛	8.11
Solvay Fin. 8 85 LuxFr	500	100½	101⅛	0	+0⅛	7.88
Swedish Bk. 8 88 LuxFr	500	99⅛	100⅛	0	+0⅛	7.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M8.5 83	0¾	95⅛	95⅞	31/7	11.44	11.84
BFG Fin. Co. M5.5 89	0⅞	98½	99	12/7	12.4	12.56
Bco. El Salvador M8 83	1¼	97½	98	12/4	11.31	11.57
Bco. Nac. Argnt. M8 83	0¾	100¼	100½	21/7	12⅛	12.20
Banco Nac. Argnt. 7 86	0¾	97⅞	99⅛	22/9	11½	11.72
Banco Urquijo 6 86	0¾	97⅞	98⅛	21/9	11½	11.72
Bank of Tokyo M5½ 93	0¾	97¼	98¼	18/4	10½	10.71
Banque Worms M5¾ 85	0¾	98⅛	98⅞	15/6	12	12.17
Bq. E. d'Alg. M8.375 84	0¾	96⅛	97¼	9/8	11⅞	12.27
Bq. Ext. d'Alg. M7.5 85	0¾	95½	95⅞	2/6	12¾	13.35
Bq. Indo et Suez M5½	0¾	99⅛	99⅝	25/7	12	12.08
Bq. I. Al. Occ. M6.5 83	0⅞	97⅞	98⅛	12/7	12.4	12.64

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Shinpan 3¾ DM	8/78	738	95⅛	96⅛	−0⅛	−1.14
Nippon Ysn. 3½ 85 DM	1/79	251	93⅛	94⅛	−0⅛	6.47
Nissan Diesl 3½ 85 DM	2/79	477	90⅛	91⅛	+0⅛	9.99
Olymp. Opt. 3½ 85 DM	2/79	703	99⅛	100⅛	−0⅛	−2.87
Ricoh 3¾ 86 DM	10/78	617	95⅛	96⅛	−0⅛	15.32
Sanyo Electric 3½ DM	11/78	295	91⅞	92⅞	+0⅛	0.73
Sharp Co. 3½ 88 DM	2/79	497	95⅛	94⅛	+0⅛	−1.63
Stanley Elec. 3½ DM	11/78	673	91⅞	92⅞	−0⅛	19.19
Tokyo Elec. 3½ 87 DM	4/79	476	93⅛	94⅛	+0⅛	2.18
Tokyu Ld. Co. 4 86 DM	4/79	493	90⅛	91⅛	−0⅛	7.20
Trio-Knwd. 3½ 86 DM	11/78	711	87	88	0	28.39

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.date = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUROBONDS

Firm improvement in dollar sector

BY FRANCIS GHILES

PRICES OF seasoned dollar bonds, underpinned by a steady U.S. dollar, improved by about ¼ of a point across the board yesterday in mostly professional dealing.

The $25m convertible for Esselte has been priced at par with indicated terms otherwise unchanged. The lead managers, Hambros and Svenska Enskilda Banken, fixed a conversion premium of 5.6 per cent. Bearing 7.75 per cent annually, the bonds are convertible starting September 15 into class B shares of the company at a conversion price of SKr 159 per share of SKr 50 nominal amount. The shares were quoted at SKr 150½ on Tuesday.

The Esselte convertible was quoted at 97½ bid yesterday during its first day of trading by the lead managers—one point below the selling group discount. The effective conversion premium has thus been reduced to just below 3 per cent.

The lack of enthusiasm showed by a number of institutional investors for this convertible is attributable to two factors.

Though the Esselte stock price track record is a good one, lack of knowledge about the Swedish stock exchange remains considerable. Another problem is that this convertible is the first for a Swedish company that offers no currency option for the payment of interest and principal.

The $35m FRN for Texas International Airlines was priced at par with indicated conditions otherwise unchanged by the lead manager, Kidder Peabody.

In the sterling sector, prices of seasoned issues moved up during the morning but profit taking pushed them down in the afternoon. However, on the day, they were about ¼ of a point higher.

In the Swiss franc sector of the market, prices of seasoned public issues were unchanged for the third day running. The recent SwFr 250m for Australia was quoted at 96¾-97.

Union Bank of Switzerland has arranged a SwFr 50m convertible in the form of a private placement for Okumura. This issue, which carries a coupon of 3¼ per cent, has been priced at par.

The three big Swiss banks appear to have decided at their meeting last Thursday that they would limit themselves to issuing a maximum of two Japanese convertibles each between now and Easter. They would then freeze new issues for two weeks.

Many Swiss bankers doubt whether the Japanese will be able to arrange the $1.2bn worth of convertibles in the Swiss franc sector which the Ministry of Finance in Tokyo has allowed them during the second quarter of this year.

The LuxFr 500m ten-year 6½ per cent issue for the City of Oslo was priced at 99½ to yield 8.07 per cent by the lead manager, Kredietbank Luxembourgeoise.

Sweden is to float a $150m Yankee bond in New York through Salomon Brothers. The maturity of this issue will be seven years with yields on outstanding comparable issues currently suggesting a coupon of around 9⅝ per cent.

Pulp venture hits CVRD

From Rio de Janeiro, DIANA SMITH analyses the fall in profits of Brazil's State-run minerals producer

COMPANHIA Vale do Rio Doce (CVRD), Brazil's giant State minerals conglomerate and the country's major single exporter, suffered a drop in profits in 1978.

The 1977 net profit of Cr 1.164bn ($51.9m) dropped to Cr 931.6m ($41.8m) in 1978—a 20 per cent nominal drop greatly increased in real terms by Brazil's 40.8 per cent inflation last year.

Profit margin slipped from 10.6 per cent in 1977 to 6.1 per cent in 1978 and return on average net assets from 7.5 per cent to 3.6 per cent. At the end of 1978, net assets totalled $1.86bn, while circulating liabilities totalled $366m and long-term liabilities $626m.

CVRD's annual report attributes the major part of its overall drop in profits to its pulp subsidiary, Cenibra, a joint venture with Japanese interests, which ran up an operating loss.

Due to serious technical problems in its first year of operation, Cenibra had a negative effect of Cr 290m ($12m) on CVRD's results. By the end of 1978, CVRD states, the problems had been overcome and, in 1979, the unit should be able to produce 200,000 tonnes of its 250,000-tonne annual capacity.

Formed several decades ago with the express purpose of mining and marketing Brazil's abundant iron ore, CVRD embarked on an expensive, ambitious diversification programme from the early 1970s on, branching out into bauxite, alumina, aluminium, phosphates, fertiliser and pulp projects, as well as shipping and rail transport.

In mid 1978 a new president, Sr. Joel Renno, was appointed to CVRD. Thereafter, attempts were visibly made to rationalise the company's operations and realistically rethink some of the outsize, outstanding projects. Early this year, control of the Valefertil fertilizer unit, due to start up in two years' time, was sold to another State enterprise, Petrobras. With directives by the Government, headed by General Joao Baptista Figueiredo for giant State-run concerns to study possibilities of selling some of their subsidiaries to private Brazilian industry, there are signs that, in the years to come, CVRD may pare its gigantic dimensions further.

Meanwhile, CVRD's 1978 results show that iron ore is still its most profitable activity, with sales of $610m compared with sales of $13m for other items.

CVRD's total debt—short and long term, foreign and domestic—reflects the financial onus of its diversification: of $883m owed to Brazilian or international institutions, $711m have been loaned by official or private foreign bodies including Eximbank, the Chase Manhattan Bank, Mitsubishi Bank, the Bank of Tokyo or syndicates led by the Bank of America, Industrial Bank of Japan, Chemical Bank International and the Wells Fargo Bank.

The bauxite, alumina and aluminium projects, involve heavy foreign participation in the long run, they are expected to justify initial outlays by helping to make Brazil self-sufficient in these areas and by greatly increasing exports. The same long-range view applies to the Cenibra pulp project.

Meanwhile CVRD succeeded in stepping up iron ore sales to West Europe to 17.0m tonnes—10.5 per cent more volume than in 1977. The Americas to 4.2m tonnes—61.6 per cent more volume than 1977, and East Europe to 4.2m tonnes, 13.5 per cent more volume than in 1977.

While the volume exported to Japan dropped by 9.8 per cent, CVRD opened a new Asian market in China, which has placed a two-year order for 4m tonnes. CVRD hopes to develop this market further in the years to come.

MEDIUM-TERM CREDITS

Republic Steel raises $36m

By Our Euromarkets Staff

REPUBLIC STEEL of the U.S. has signed a $36m revolving credit and medimu-term loan in London, for over eight years obtained from a group of international banks, Orion Bank announced.

The facility carries a spread of ⅝ per cent over interbank rates for the first four years and ¾ per cent over for the remainder.

Banco Nacional de Cuba is arranging a DM 300m seven-year Eurocredit from a group of banks headed by Credit Lyonnais. The spread is 1 per cent for the first three years, and 1¼ per cent thereafter.

Costa Rica has signed a $50m loan agreement with a banking group led by Chase Merchant Banking Group. The 10-year facility carries a spread of ⅞ per cent.

Proceeds will be used to finance harbour developments, with $26.5m earmarked for the refinancing of two earlier loans to Costa Rican state borrowers.

Two Arab consortium banks, the Al-UBAF Group and Arab Latin American Bank, are managing a $20m 10-year loan to Banco Nacional de Fomento of Ecuador. Spreads range between ⅞ and 1 per cent over interbank rates.

Sharp advance by Austrian bank

BY PAUL LENDVAI IN VIENNA

VIENNA-BASED Centro Bank, which is primarily engaged in financing East-West trade, is raising its dividend from 4.5 per cent to 6 per cent for 1978 on the back of a rise of 33 per cent in profits to Sch 5.05m ($309,692). The bank is also increasing its capital from Sch 84m to Sch 168m.

The Board also announced that the consolidated balance sheet last year compared to 1977 was up by 12.9 per cent to Sch 2.29bn.

Speaking at a press conference about the last business year, Dr. Gerhard Vogt, the director predicted that the role of compensation deals would continue to increase in East-West trade. The bank estimates the share of such compensation deals at 40 per cent of the current business between East and West. Centro Bank is also engaged in switch deals and the spokesman specifically referred to clearing arrangements between East Germany and Greece.

As a result of doubling its basic capital Centro has become the foreign bank with the largest capital in Vienna. The bank also deals in West European and North African business but is not engaged in making commercial loans to Austrian clients if these are not connected with international trade.

It was also revealed that last year the number of counterpurchase orders placed in connection with east-west trade doubled compared to 1977-78 which meant a growing burden for western exporters. The situation is made even more difficult by the trend towards finished manufactures offered by some eastern states which are particularly difficult to be marketed.

In order to facilitate access for Poland to the western markets, the bank will organise a delegation of importers to Poland in mid-June. The delegation will consist of 10 to 15 importers. Dr. Vogt referred to such sectors as furniture and electrical goods offering the best business opportunities.

The bank was founded here five years ago by seven banks: Bawag of Vienna, Banco di Sicilia, Banco Popular Espanol, Bank Handlowy Warszawie, Banque Occidentale pour l'Industries et le Commerce, Kleinwort Benson, and the Bank of Tokyo.

Slavenburg's raises dividend

BY CHARLES BATCHELOR IN AMSTERDAM

SLAVENBURG'S Bank reports a slight increase in the rate of both profit and balance-sheet growth in 1978. The Rotterdam-based bank, in which First National Bank of Chicago has an 11 per cent stake, proposes increasing its dividend to Fl 21.50 per share from Fl 20.

Net profit rose by 16 per cent to Fl 34.9m ($17.4m) compared with an increase of 15 per cent the year before. The balance sheet total also rose 16 per cent to Fl 8.6bn ($4.3bn) at the end of the year after an increase of 14 per cent in 1977.

Profit per share rose 16 per cent to Fl 33.30 after allowing for the stock dividend paid in 1978. Shareholders may opt to take the dividend fully in cash or cash and shares. Slavenburg's share capital rose to Fl 103.7m from Fl 98.8m.

The bank's figures for the year as a whole reveal a slowdown in profit growth from the 21 per cent increase recorded in the first half.

* * *

The Unico banking group, which links the co-operative banking organisations in six European countries, has set up an investment fund with certificates listed on the Luxembourg Stock Exchange. The Unico Investment Fund has a daily quotation and has been started with an initial subscription of DM 20m.

The bearer share certificates, including selling commission, were offered at DM 52. The fund aims to invest primarily in bonds but it may purchase other securities to a maximum of 30 per cent of its assets. It is managed by Unico Investment Fund Management Company SA of Luxembourg.

The new fund is backed by the six Unico banking group members—Andelsbanken Danebank of Copenhagen, Caisse Nationale de Credit Agricole of Paris, Centrale Rabobank of Utrecht, DG Bank of Frankfurt, Genossenschaftliche Zentralbank of Vienna, and Okobank of Helsinki as well as two affiliated banks, Bank Europaeischer Genossenschaftsbanken of Zurich and London and Continental Bankers of London.

● Rorento, the Dutch investment fund specialising in fixed interest securities, proposes cutting its 1978/79 dividend. This is the first time the fund has cut its payment since it was set up nearly five years ago, although it warned last year that the favourable developments of the first few years would not necessarily be continued in the future.

It proposes paying Fl 4.40 in cash plus 5 per cent in stock from the share premium reserve compared with Fl 4.65 and 5 per cent the year before. The shares go ex-dividend on May 30.

Rothschild head steps down

By Terry Dodsworth in Paris

M. GUY DE ROTHSCHILD is giving up overall direction of Banque Rothschild, the investment bank which lies at the heart of the traditional Rothschild family interests in France. After 30 years as president he is handing over to M. Elie de Rothschild, his cousin.

The change comes at a time of rumours of changes in the bank as a younger generation moves into positions of influence. Although M. Elie de Rothschild, at 61, is of a similar generation to M. Guy de Rothschild, who will shortly be 70, some important posts are now directed by younger members of the family.

Last year Banque Rothschild made a net attributable profit of FFr 10.2m ($2.4m) but this was reached after making provisions of FFr 104m to cover depreciation on certain of its participation ventures and risks attached to its current activities. It is proposed to declare a dividend of FFr 10.50 a share.

The bank's total balance sheet amounted to FFr 10.1bn after the absorption of Compagnie du Nord, another of the Rothschild-controlled holding companies, last December. Equity funds amounted to FFr 809m and property was valued at FFr 770m.

Increased profit from Helvetia

By John Wicks in Zurich

SWISS insurance group Helvetia is increasing its capital following an expansion in the business of the two companies that make up the operation.

Zurich-based casualty insurance concern Helvetia-Unfall Schweizerische Versicherungs-Gesellschaft is to increase its dividend for 1978 from SwFr 22.50 to SwFr 25 ($14.82) per share and participation certificate on increased capital. The company increased its profits last year from SwFr 8.31m to SwFr 9.15m.

DnC attempts to block State share purchases

BY FAY GJESTER IN OSLO

Den NORSKE Creditbank (DnC), Norway's largest commercial bank, has offered to help its shareholders place their DnC shares on the open market, if for any reason they should want to sell them.

The bank's aim is to prevent sales of its shares to the state, under the provisions of the new Norwegian law to make the banks more "democratic." Its first advice to shareholders is to hol dtheir shares, at least until legal disputes about state compensation for them have been settled.

To those who want to sell however it undertakes to secure a price at least as high as the NKr 11.19 fixed — at the moment — as the state buy back price for DnC shares.

Just now, following a favourable annual report, the market price for DnC shares is around NKr 115 ($23). This means that few shareholders are currently selling to the state buyer, the Bank of Norway.

Even if the market price should sag, however, DnC will try to find buyers willing to match the state price—thus establishing this price as a "floor" value for the shares. Such buyers would be running no risk—under the new law, bank shareholders can cash in their shares at the official price up to end-1980.

At the same time a group of 68 bank shareholders are currently challenging the law's constitutional position in the courts. Should they win, the state might have to pay higher compensation than the buy-back prices fixed so far.

Meanwhile, the Bank of Norway has announced details o fbank shares sold to the state as of March 28. O fthe country's thre leading banks, Bergen *Bank (second largest) tops the list, with 172,909 shares. This makes the state the bank's largest shareholder.*

Bergen Bank's 1978 report announced large losses and a reduced dividend. For the other two big banks DnC and *Christiania Bank og Kreditkasse* the figures were only 6,173 and 7,551 shares respectively.

Belgian power group ahead

By Giles Merritt in Brussels

EBES, the Societés Reunis d'Energie du Bassin de l'Escaut, which is Belgium's second largest power company, has announced a 21 per cent increase in its 1978 net profits over those of the previous year. The company's net earnings reached BFr 3.03bn ($101m), as against BFr 2.496bn in 1977 and BFr 2.18bn in 1976.

With its three year 1978-80 *investment programme in nuclear generation due to total BFr 32bn, EBES has announced* that it will not be proposing an *increased dividend on its higher earnings. In line with its dividend policy in 1978 and 1977,* the company will be maintaining its dividend on its 11m old *shares of BFr 177 per share.*

The dividend, payable on the 2.2m new shares issued a year ago in a one-for-five rights issue, will also stay unchanged at BFr 132.7 per share.

Swedish bank welcomes new international stance

BY JOHN WALKER IN STOCKHOLM

ANY MOVE by the Swedish government to allow foreign banks greater access to capital and credit markets in this country would be welcomed by Svenska Handelsbanken, one of the big three banks in Sweden.

This was stated at the annual general meeting of Handelsbanken by Mr. Jan Ekman, head of the bank's international activities who went on to list a number of conditions. Foreign banks would need to compete on the same terms as domestic banks and at the same time Swedish banks should be allowed equal rights to extend their business abroad, he said.

Mr. Ekman was referring to proposals put to the Swedish parliament recently by the committee appointed by the government to study Swedish banking and financial market practices. The proposals came down strongly in favour of wider banking participation in Sweden.

This appears to be the first time that a Swedish bank has welcomed foreign banks operating in Sweden.

The necessity to borrow abroad has forced the Swedish authorities to introduce some temporary exceptions to the limitations in foreign exchange regulations. Thus Swedish banks are permitted to provide financing in foreign currencies to Swedish customers.

As a result of this development, foreign currency lending and refinancing by Swedish banks has increased dramatically over the last five years, Mr. Ekman said.

The total volume of lending in foreign currency which the Swedish banks have made on their home market has increased from practically nothing in 1973 to more than the equivalent of $2.6bn at the end of 1978. At the year end, Handelsbanken's share of total Swedish lending in foreign currencies was 44 per cent.

BEC steps up earnings

By Our Financial Staff

INCREASES IN profits and balance sheet total – are announced by Banque Europeene de Credit, the Brussels-based consortium bank controlled by seven major European banks including in the UK the Midland Bank.

Net profits in 1978 moved up to BFr 497m ($17m) from BFr 431m, a rise of 15 per cent, and a dividend of 12 per cent is to be paid. At the end of last year, the bank's balance sheet total had expanded to BFr 90.7bn which is 6 per cent ahead of the figure at the end of 1977. In terms of dollars, BEC's balance sheet total increased by almost a fifth.

TURKISH TEXTILES

Aiming to invade Europe

BY METIN MUNIR IN ANKARA

FASHION IS a bluff, says Mr. Vitali Arthur Hakko, the owner of Vakko, Turkey's largest ready-to-wear clothing company who is preparing for what he calls "the biggest gamble of my life."

Next month he is putting on a fashion show in London's New Bond Street as part of a sales campaign in the ready-to-wear market where the foothold of Turkish companies is currently insignificant. Mr. Hakko hopes that this step towards Europe can usher in a powerful new era for the Turkish textiles industry.

The ready-to-wear industry in Turkey is large enough to clothe a population of 45m. In fact Turkey is one of eight countries in the world which do not import any clothing. Its single biggest export commodity is cotton and textiles account for a quarter of all industrial exports.

Such is the strength of these industries that the Common Market, of which Turkey is an associate member, has imposed restrictions on some products in order to protect local industries.

Thus restrictive tariff barriers are imposed in order to slow the growth of Turkish sales to the EEC. However, for the moment no problems exist on "ready-to-wear" clothing. Mr. Hakko is confident that this is one area of the Turkish clothing market that can be expanded rapidly.

Mr. Hakko, who is an Armenian Turk, started work in 1927 when he was 14. His first job was to stand outside a clothing shop at the Mahmutpasa Climb—which is still one of the biggest clothes shopping centres of Istanbul—and entice customers.

Today, Vakko, still a family concern, is now a vast business employing about 1,000 people and planning a turnover of Turkish lira 1bn ($50m) this year. Apart from the ready-to-wear manufacturing plant and a chain of retail stores, Vakko manufactures 1m metres of print a year. Its stores are the plushest and most expensive in Turkey.

Turkish manufacturers realised that unless they exported the recession could eventually cut their domestic markets. Turkish industrialists are now trying hard to export, even at a loss.

Other prominent companies in ready-to-wear clothing, like Beymen and IGS, are also selling to Europe. The low-cost element and high quality may over the years make these companies major sellers to Europe. "I can tell you we are late," says Mr. Hakko. "We should have been there years ago."

ALAY-DESIGNATED AGENCIES

State raises financial stake by 60%

BY WONG SULONG IN KUALA LUMPUR

: MALAYSIAN Government increased the financial allo- ıns to its "Malay-designated .cies" by 828m Ringgits .$ 376m) under the mid- : review of the third ıysia plan to enable them chieve the twin objectives creating a stable-running y business community and nsure that at least 30 per of the modern corporate ·r is in Malay control by

e five groups, designated Malay" agencies for the ose, are: the Pernas nisation; Mara; the Urban lopment Authority; the iputra Investment Founda- and the various State Economic Development Corporations (SEDC).

Under the third Malaysia plan (1976-1980), these five groups were allocated a sum of 1,372m Ringgit for their programmes, but this has been increased by 60 per cent to 2,200m Ringgit under the mid-term review of the plan.

The biggest increase went to the Bumiputra Investment Foundation, the original, 200m Ringgit allocation of which has been raised to 500m Ringgit.

The Foundation, under the chairmanship of Dr. Mahathir Mohamed, the Deputy Prime Minister, is charged with buying for Malays shares issued by private companies.

Since it was launched a year ago, it had invested more than 50m Ringgit in shares, and currently it is a major shareholder in such companies as Sime Darby, Kuala Lumpur-Kepong, East Asiatic Malaysia, and Malaysian Tobacco Company, as well as in other smaller, but profitable, companies.

The increased allocation gives the foundation greater freedom to buy up shares and hold them in trust for the Malays, as also to participate in joint ventures with the private sector.

The Urban Development Authority, which is charged with developing urban properties for the Malays, has had its allocation increased from 217m Ringgit to 300m Ringgit. Its biggest project is the development of a 200m Ringgit commercial complex in Kuala Lumpur, planned to include a 60-storey international trade centre.

The Pernas Organisation, which is known internationally for its interest in Malaysian Mining Corporation and Sime Darby, has now been allocated 382m Ringgit for its expansion plans, instead of 200m Ringgit.

The various SEDCs have had their allocations increased from 440m to 68.0m Ringgit.

Mara, which is involved in the purchase of shares and granting of loans to small Malay businessmen, has received the relatively small increase in allocation of 315m to 338m Ringgit.

* * *

The Malaysian Ministry of Trade and Industry has approved foreign investments in Malaysia totalling 159.4m ringgit so far this year, Reuter reported from Kuala Lumpur.

The Ministry said that of the total, Japanese investment amounted to 44.2m ringgit, European 91m and U.S. 24.2m.

The Ministry is to send missions to Milan, Munich, Manchester, Hong Kong, South Korea, Japan and Scandinavia this year to attract more investment.

aber Merlin ·es faster ·owth rate

Our Kuala Lumpur ·respondent

ER MERLIN, the Malaysian and property group, has ·ted a 20 per cent rise in x profits to 2.8m ringgits $ 1.27m) for the first half e end of December.

e group said it expected ·d half results to be even r than the first half, ugh no indication was ı whether the full year's s would reach the 6.5m its forecast by Mr. Chang Thien, chairman, in his al report.

th he group's property on and hotels turned in ·actory results, and this is expected to continue g the second half.

e demand for the group's s in Kuala Lumpur and ng remained strong, and on the business centre at ıousing estate in Kuala ıur is expected to start

e group's six hotels ted higher occupancy , particularly the Merlin in Kuala Lumpur, whose ıancy rate rose from 70 to er cent, and turned in a x profit of 600,000 ringgits g the first half.

·ui parent ·vs upturn

·ui, the major Japanese in- ·nt credit company, has ınced that its parent com- net profit in the year to end ry rose 12.4 per cent to ın ($34.78m) from Y6.40bn ear before, Reuter reports Tokyo.

·s rose 7.7 per cent to 37bn ($960m) from 70bn. Its current account ting profit was Y15.32bn, up ıer cent from Y13.45bn on ear ago.

· year-end dividend payment 712 per share, up from Y11 ling Y1 special dividend ·ear. Per-share profit was 7 from Y51.94 the year e.

J

JAPANESE ·HIPBUILDERS' NUAL DIVIDEND

(yen per share)

	1978-79	1977-78
·chi Ship-ıilding ...	3	5
kawajima arima HI	3	6
·asaki HI...	3	6
ubishi HI	4	6
ui Ship-ıilding ...	3	5
ıitomo HI	3	6

eference share dividend ntained at Y15 per annum

he table above gives ıils of cuts in dividends ıned by Japanese ship- ders for the fiscal year ·-79. The background to cuts was described in sday's issue.

hikawajima-Harima Heavy ustries expects sales for year of Y700bn ($3.4bn), ·n 10 per cent from 1977- ·, and a current loss of ·bn ($22m), against a ·fit of Y35bn in the pre- ıs year.

Email returns to negotiation

BY JAMES FORTH IN SYDNEY

THE STRUGGLE for control of the white goods maker, Kelvinator Australia, moved from the sharemarket to the negotiating table yesterday after the disclosure that Simpson Pope Holdings was the mystery buyer which had been contesting Email in the market.

Simpson Pope revealed before the start of stock exchange trading yesterday that it had acquired 5.1m Kelvinator shares or 32 per cent of the capital.

The Simpson Pope board also said that discussions would take place later in the day between the chairman and managing directors of Simpson Pope and Email.

When trading began it was apparent that both Email and Simpson Pope had pulled out of the market for Kelvinator. With the buying support missing, the price of Kelvinator shares plunged 95 cents to A$1.85.

The chairman and managing director of Simpson Pope were holding talks at the head office of Email last night.

The Kelvinator board released a report before the start of trading which said they believed that the market contest had pushed Kelvinator shares at a price which exceeded the "commercial value" of the company.

Explaining their actions, the Simpson Pope directors said that their company and Kelvinator had had a close association over a long period and had been implementing a programme of product rationalisation when it became apparent about six weeks ago that there had been increased levels of share turnover in Kelvinator. Simpson Pope had started buying to protect its position in the industry.

After the announcement on March 16 of Email's original share and cash offer it had been decided to increase substantially the company's investment in Kelvinator. They said Simpson Pope shareholders would be advised of any further developments.

The directors of Kelvinator said they were concerned about the activity in the shares over recent days. It appeared that rival bidders were endeavouring to gain a strategic position and had pushed the share price to levels which the directors believed to be unrealistic.

They said that Email had foreshadowed a partial offer of A$2.30 cash for up to 50 per cent of the capital but unless, and until, it materialised the directors felt unable to comment other than to say that it would appear to be discriminatory and would not treat all shareholders equally.

The recent events on the market have overtaken the proposed partial offer. Under the buying competition, the price had soared to touch A$2.82. If Email went ahead with its offer, or if Simpson Pope decided to bid, they would each have to match the highest price paid.

There is little chance that either company would bid as much as A$2.82, which values Kelvinator at more than A$45m (US$50.5m), compared with the original value placed by Email of A$26m. Either company could wait three months and then make a bid at whatever price level they wished. However, some observers believe Email and Simpson Pope will try to obtain a compromise involving a joint offer to acquire the remaining shares in Kelvinator at a price above that originally offered by Email, but below the heady levels touched during the market battle. This would need waiving of the listing requirements by the stock exchanges because of special circumstances.

Trust Bank recovery under way

BY JIM JONES IN JOHANNESBURG

TRUST BANK, the South African general bank which is slowly recovering from its problems of two years ago, has revealed a 90 per cent profit improvement to R1.5m ($1.77m) compared to R787,400 for the six months to December 31, 1977. But there is still no prospect of a resumption of ordinary dividends for at least four years.

Dividends of the R25m 11.5 per cent cumulative convertible preference shares held by holding company Bankorp absorbed the bulk of the declared first-half profit. Effectively, Trust Bank's hidden reserve base had shown little or no growth since 1972, meaning that for at least the next three years all profits not needed to service the perference shares will be directed into reserves.

Trust Bank is, however, steadily recovering. Savings deposits are growing with improving confidence while the cost of new funds has been cut by a considerable narrowing of the gap in interest rates on the bank's negotiable Certificates of Deposit.

The interim report points out that earnings on the bank's large property portfolio have shown no noticeable improvement, while financing of the property portfolio has still to be re-formulated. Trading at 53 cents in Johannesburg, the share is near its three-year high.

FVB portfolio changes boost turnover

BY JIM JONES IN JOHANNESBURG

THE SOUTH AFRICAN investment company Federale Volksbeleggings (FVB) has reported a 136 per cent increase in turnover to R425m ($505m) (1977, R181m) for the 12 months to December 31.

Over the past year, major changes have been made in the group's investment portfolio. The 11.9 per cent stake in Federale Mynbou was sold to the insurance company, Sanlam, in November, while food processor subsidiary Federale Voedsel acquired a 51 per cent interest in major South African flour miller, Routo. Meantime, in a move away from indirect portfolio holdings, it is planned to sell the 66 per cent holding in furniture manufacturer, Asmar, effective April 1, while simultaneously repurchasing Asmar's major assets.

Though pre-tax income for the past 12 months rose 81 per cent to R30m from R16.6m in 1977, earnings attributable to ordinary shareholders only managed a 16 per cent increase to R8.5m.

FVB maintained its interim dividend at 7 cents, and has declared an additional special interim of 4 cents for the 6 months to December 31. Management has given no indication whether 1977's 8 cent final dividend will be repeated in June. In Johannesburg, FVB shares are trading at 215 cents, little changed on publication of the second interim report.

Hutchison-Boag hopes to be out of the red this year

BY HUGH PEYMAN IN HONG KONG

HUTCHISON WHAMPOA'S construction and trading subsidiary, Hutchison-Boag hopes to return to profit this year after reporting an increased attributable loss of HK$33.77m (US$6.9m) for 1978, nearly three times its HK$11.28m 1977 loss.

Hutchison-Boag said that it did not have to make further provisions in the second half of this year, as provisions of HK$34.04m had been made in the first half for losses incurred by the group's construction and contracting divisions.

The group went into deficit in the second half of 1977 and the losses mounted as increases in labour and material costs incurred in its construction work.

Hutchison-Boag (57 per cent owned by Hutchison Whampoa) has again passed its final dividend. This leaves a total for the year of 2 cents (nil previously).

Sharp rise at Singapore steel mill

By H. F. Lee in Singapore

SINGAPORE'S only steel mill, National Iron and Steel Mills, last year recorded a substantial rise in profits. Group profit after tax increased 77.4 per cent to S$21.7m (US$9.95m).

Pre-tax profit, however, rose by a faster rate of 118 per cent to S$37.7. Tax provisions of S$16m were slightly more than three times higher than the previous year's figure.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	20.3.79	27.3.79	AVERAGE YIELD	20.3.79	27.3.79
DM Bonds	102.81	102.79	DM Bonds	6.849	6.852
HFL Bonds & Notes	99.23	99.40	HFL Bonds & Notes	8.483	8.454
U.S. $ Strt. Bonds	95.74	96.03	U.S. $ Strt. Bonds	9.584	9.528
Can. Dollar Bonds	96.49	96.56	Can. Dollar Bonds	10.049	10.037

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at March 20, 1979 (Base 100 on 14.1.77)

Clive Fixed Interest Capital	148.52
Clive Fixed Interest Income	121.50

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London, EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at March 22, 1979

Capital Fixed Interest Portfolio	107.05
Income Fixed Interest Portfolio	103.12

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound nervous; dollar steady

Nervousness ahead of last night's crucial vote in the House of Commons put sterling under pressure in yesterday's foreign exchange market, and selling during the afternoon left it at around its weakest level for the day. On Bank of England figures, the pound's trade weighted index fell to 65.5 from 65.6 on Tuesday, having stood at 65.6 at noon and in the morning. Dealers took the view that whatever the outcome of the vote of confidence, there was still likely to be a good deal of uncertainty within the market. The pound opened at $2.0545-$2.0555 and traded at $2.0535 until early afternoon, when persistent selling saw the rate decline to $2.0480 before closing at $2.0490-2.0500, a loss of 40 points from Tuesday's close.

The dollar showed little change against most major currencies, the one notable exception being the Japanese yen. The latter was affected by the recent OPEC rises in the price of oil and possible erosion in the competitiveness of Japanese exports. The yen fell to Y207.90 against the dollar, compared with Y207.00 previously. Against the D-mark, the dollar finished at DM 1.8630 against DM 1.8645 while the Swiss franc was also slightly easier at SwFr 1.6830 from SwFr 1.6850. Using Bank of England figures, the dollar's trade weighted index rose to 84.8 from 84.7.

The Italian lira improved against the Danish krone yesterday and regained its position as the strongest currency in the European Monetary System. The Belgian franc remained the weakest currency and showed little reaction to the Belgian authorities' decision to leave key lending rates unchanged.

In relation to ECU central rates at the start of the EMS on March 13, the Italian lira has appreciated 1.1636 per cent, compared with 1.1384 per cent on Tuesday, and the Danish krone has risen by 1.0644 per cent compared with 1.1869 per cent, while the Irish punt has appreciated by 0.5063 per cent compared with 0.5424 per cent. The Dutch guilder has risen by 0.0092 per cent compared with a fall of 0.0368 per cent on Monday, while the French franc has depreciated by 0.1325 per cent from 0.0959 per cent previously.

The D-mark has fallen by 0.3501 per cent from its central rate, compared with 0.3848 per cent on Tuesday and the Belgian franc has depreciated by 0.9407 per cent compared with 0.9235 per cent previously.

Since the beginning of the system therefore, the lira has strengthened against the krone by 0.10 per cent (compared with a strengthening of the krone over the lira on Monday of 0.05 per cent); the punt by 0.66 per cent (0.60 per cent); the guilder by 1.15 per cent (1.15 per cent); the French franc by 1.30 per cent (1.23 per cent); the D-mark by 1.51 per cent (1.52 per cent); and the Belgian franc by 2.10 per cent (2.06 per cent).

FRANKFURT—There was no intervention by the Bundesbank at yesterday's fixing when the dollar was quoted at DM1.8624, little changed from the previous fixing of DM1.8632. After the initial relief following Tuesday's OPEC decision to increase oil prices by 9 per cent, there was a growing realisation that the imposition of surcharges could in fact bring about an increase of up to 39 per cent, and this tended to depress the market. The U.S. unit's best level up to midday was DM1.8636, well down from Tuesday's close of around DM1.8660.

MILAN—The lira improved against the dollar and most EMS currencies yesterday in light trading, and there did not appear to be any intervention by the Bank of Italy. The U.S. currency was quoted at L838.20 against L839.45 previously and the D-mark also eased to L450.24 from L450.33. The Danish krone lost ground to L161.89 from L162.20, while sterling held steady at L1,721.70 against L1,721.60.

TOKYO—The dollar showed a slightly firmer tendency against the yen yesterday and closed at Y207.525, compared with Y207.025 on Tuesday.

THE POUND SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0480-2.0555	2.0490-2.0500	0.52-0.42c pm	2.75	0.85-0.75 pm	1.56
Canada	2.3845-2.3995	2.3955-2.3985	0.40-0.30c pm	1.75	0.80-0.70 pm	1.25
Nethlnd.	4.11-4.14½	4.11½-4.12½	2⅞-1⅞c pm	5.82	5⅝-4⅝ pm	4.86
Belgium	60.30-60.55	60.30-60.40	30-20c pm	4.97	75-65 pm	4.64
Denmark	10.59½-10.65½	10.60-10.61	1½ore pm-½ore dis	−0.92	½-1½ dis	−0.19
W. Ger.	3.81-3.84½	3.81½-3.82½	3⅞-2⅞pf pm	8.26	7⅞-6⅞pf pm	7.33
Portugal	98.60-99.10	98.65-98.85	30-100c dis	−7.89	80-220 dis	−6.07
Spain	140.80-141.35	140.95-141.05	10c pm-40c dis	−2.13	par-120 dis	−1.70
Italy	1717-1724	1717½-1718½	2½-1½lire pm	1.05	3½-1½ pm	0.58
Norway	10.44½-10.48½	10.45-10.46	4½-2½ore pm	4.02	8½-6½ pm	2.77
France	8.78½-8.82½	8.78½-8.79½	4½-3½c pm	5.46	9½-8½ pm	4.06
Sweden	8.82½-8.87½	8.83-8.84	3-1ore pm	2.88	7½-5½ pm	3.02
Japan	424-429	425½-426½	2.90-2.65	7.67	7.50-7.10	6.85
Austria	27.87-28.13	27.88-28.03	22-12gro pm	7.28	52-42 pm	6.75
Switz.	3.44½-3.47½	3.44½-3.45½	3⅞-2⅞c pm	11.73	10½-9½ pm	11.59

Belgium rate is for convertible francs. Financial franc 61.05-61.15. Six-month forward dollar 1.15-1.10c pm. 12-month 2.20-2.10c pm.

THE DOLLAR SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0480-2.0555	2.0490-2.0500	0.52-0.42c pm	2.75	0.85-0.75c pm	1.56
Ireland†	2.0480-2.0555	2.0490-2.0500	0.52-0.42c pm	2.75	0.85-0.75c pm	1.56
Canada†	85.64-85.86	85.82-85.85	0.11-0.03c pm	7.40	0.14-0.11c pm	0.58
Nethlnd.	2.0080-2.0116	2.0090-2.0110	0.63-0.53c pm	3.46	1.93-1.83c pm	3.72
Belgium	29.43-29.45	29.43-29.45	8-7c pm	3.06	25-24c pm	3.33
Denmark	5.1730-5.1800	5.1730-5.1755	par-0.50ore dis	−0.58	1.25-1.75ore dis	−1.16
W. Ger.	1.8600-1.8660	1.8625-1.8635	0.91-0.81pf pm	5.54	2.71-2.61pf pm	5.84
Portugal	48.05-48.25	48.15-48.25	35-50c dis	−10.58	100-185c dis	−11.00
Spain	68.78-68.84	68.80-68.84	2c pm-3c dis	−0.87	12-22c dis	−0.99
Italy	838.10-838.90	838.10-838.50	0.90-1.25c dis	−1.54	1.60-2.10c dis	−0.88
Norway	5.0995-5.1015	5.1005-5.1015	0.85-0.35ore pm	1.41	2.00-1.50ore pm	1.37
France	4.2877-4.2905	4.2885-4.2905	0.93-0.83c pm	2.46	2.80-2.75c pm	2.63
Sweden	4.3600-4.3620	4.3600-4.3610	0.75-0.55ore pm	1.79	2.30-2.10ore pm	2.02
Japan	207.10-208.15	207.85-207.95	0.90-0.80y pm	4.91	2.80-2.70y pm	5.29
Austria	13.65½-13.66½	13.66-13.66½	6.00-5.25gro pm	4.95	18.50-17.50gro pm	5.42
Switz.	1.6800-1.6870	1.6825-1.6835	1.40-1.30c pm	9.63	4.30-4.20c pm	10.10

†UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

March 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	13	0.626842	0.659044
U.S. $	9½	1.28910	1.35809
Canadian $	11¼	1.50644	1.58087
Austria Sch.	3¾	17.5872	18.4225
Belgian F.	6	37.9672	39.6226
Danish K.	8	6.66807	7.00182
D mark	3	2.40185	2.52030
Guilder	6½	2.59754	2.72117
French Fr.	9½	5.53507	5.80387
Lira	10½	1082.20	1135.08
Yen	3½	266.973	279.842
Nrwgn. K.	7	6.56796	6.90041
Spanish Pes.	8	88.6308	92.8889
Swedish Kr.	6½	Unavail.	5.90013
Swiss Fr.	1	2.17342	2.27720

CURRENCY MOVEMENTS

Mar. 28	Bank of England Index	Morgan Guaranty changes %
Sterling	64.9	−39.0
U.S. dollar	84.8	−8.9
Canadian dollar	80.8	−18.6
Austrian schilling	146.7	+19.5
Belgian franc	114.6	+14.9
Danish kroner	116.1	+6.2
Deutsche Mark	160.1	+41.7
Swiss franc	195.8	+81.4
Guilder	125.0	+20.7
French franc	99.4	−6.4
Lira	54.4	−49.1
Yen	159.4	+37.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Mar. 28	£	$		£ Note Rates
Argentina Peso	2561-2571	1147-1157	Austria	27½-28½
Australia Dollar	1.8320-1.8360	0.8940-0.8950	Belgium	60½-61½
Brazil Cruzeiro	45.98-46.98	22.45-22.95	Denmark	10.56-10.66
Finland Markka	8.1455-8.1555	3.9725-3.9745	France	8.73-8.83
Greek Drachma	74.410-76.218	36.59-37.20	Germany	3.75-3.85
Hong Kong Dollar	10.1475-10.1875	4.9880-4.9920	Italy	1,700-1,740
Iran Rial	148.0-156.0	72-76	Japan	422-432
Kuwait Dinar (KD)	0.561-0.571	0.2755-0.2765	Netherlands	4.07-4.17
Luxembourg Frc.	60.30-60.40	29.43-29.45	Norway	10.42-10.52
Malaysia Dollar	4.5100-4.5250	2.1975-2.1985	Portugal	93-99
New Zealand Dlr.	1.9435-1.9495	0.9480-0.9510	Spain	140.00-145.00
Saudi Arab. Riyal	6.85-6.95	3.3594-3.3604	Switzerland	3.40-3.50
Singapore Dollar	4.4660-4.4860	2.1785-2.1795	United States	2.0500-2.0600
Sth. African Rand	1.73-1.74	0.8440-0.8490	Yugoslavia	40-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Mar. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.050	3.820	426.3	8.793	3.453	4.190	1718.	2.386	60.35
U.S. Dollar	0.488	1.	1.864	208.0	4.290	1.685	2.010	838.1	1.164	29.45
Deutschemark	0.262	0.537	1.	111.6	2.302	0.904	1.079	449.7	0.626	15.80
Japanese Yen 1,000	2.346	4.808	8.962	1000.	20.63	8.100	9.666	4030.	5.598	141.6
French Franc 10	1.137	2.331	4.345	484.8	10.	3.927	4.686	1954.	2.714	68.64
Swiss Franc	0.290	0.594	1.106	123.5	2.547	1.	1.193	497.5	0.691	17.48
Dutch Guilder	0.243	0.497	0.927	103.5	2.134	0.838	1.	416.9	0.579	14.65
Italian Lira 1,000	0.582	1.193	2.224	248.1	5.119	2.010	2.398	1000.	1.389	35.13
Canadian Dollar	0.419	0.859	1.601	178.6	3.685	1.447	1.727	719.9	1.	25.29
Belgian Franc 100	1.657	3.396	6.330	706.3	14.57	5.721	6.827	2846.	3.954	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.40-10.50 per cent; six months 10.70-10.80 per cent; one year 10.65-10.75 per cent.

Mar. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12⅜-12⅝	10¼-10½	9-10	6½-7	⅛-⅜	5-7	9½-9¾	8-11	—	7⅛-7⅜
7 day's notice	12⅞-13⅛	10¼-10½	9-10	5½-5¾	⅛-⅞	5-7	7-7¼	10¼-11¼	10⅛-10¼	4⅛-5⅛
Month	12⅝-13	9¾-10	10⅞-11¼	6⅛-6⅜	¼-⅜	4⅛-4½	7¼-7½	10¼-12¼	10⅛-10⅜	4⅞-5⅛
Three months	12¼-12½	10½-10¾	10⅞-12¼	6⅜-6⅞	¼-⅜	4⅛-4⅞	7⅞-8⅛	11-12	10⅝-10¾	5-5⅛
Six months	12-12¼	10¾-11	10⅞-11⅛	6¾-7	⅛-⅜	4⅛-4½	8⅛-8½	11½-12½	10⅞-10⅞	5⅛-5⅜
One year	11⅞-12⅛	10⅞-10⅞	10⅞-11⅛	7-7¼	1¼-1⅜	4⅜-4⅞	9⅛-9⅜	12-13	10⅝-10¾	5⅛-5⅜

Long-term Eurodollar deposits: two years 10⅜-10⅝ per cent; three years 10⅛-10¼ per cent; four years 10-10⅛ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German move expected

The West German Bundesbank is to hold a press conference today following its weekly central council meeting. This may herald a rise in the discount rate in a move to tighten monetary policy. Speculation yesterday pointed towards a possible rise to 3½ per cent from 3 per cent, while the central bank may also be considering an increase in the Lombard rate to 4½ per cent from 4 per cent.

Call money in Frankfurt was quoted at 4.40-4.45 per cent, compared with 4.40-4.50 per cent; one-month at 4.50-4.55 per cent, compared with 4.30-4.40 per cent; three-month at 4.65-4.75 per cent, compared with 4.50-4.75 per cent. Six-month funds rose to 4.90-5.00 per cent from 4.60-4.80 per cent, and 12-month to 5.20-5.30 per cent from 5.00-5.20 per cent.

The Belgian central bank has left its discount rate unchanged at 6 per cent, which is also the rate on 'A' quota loans, while 'B' quota loans and the Lombard rate also remain at 8 per cent.

At Tuesday's auction the rate on four-month certificates du fonds des rentes was unchanged at 8.05 per cent, and one-month paper was 7.50 per cent; two-month 7.75 per cent; and three-month 7.90 per cent.

The ceiling on 'B' quotas and the Lombard rate have been unchanged since March 8, while the discount rate and ceiling on 'A' quotas has remained at 6 per cent since July 27, 1978. Once a commercial bank has used up its preferential 'A' quota it must borrow any further funds at the higher 'B' quota rate. Deposit rates for the Begian franc were generally easier, with one-month falling to 7 5/16-7 7/16 per cent from 7⅜-7½ per cent; and three-month to 7⅝-7¾ per cent from 7⅝-7⅞ per cent. Six-month was quoted at 7 15/16-8 1/16 per cent, compared with 7⅞-8⅛ per cent, and 12-month at 8⅛-8¼ per cent against 8⅛-8⅜ per cent.

PARIS—Day-to-day money fell to 6⅝ per cent from 6¾ per cent. Other rates were unchanged, with one-month at 6¾-6⅞ per cent; three-month at 7-7⅛ per cent; six-month at 7⅛-7⅜ per cent; and 12-month at 7 11/16-7 13/16 per cent.

AMSTERDAM—Call money was quoted at 7-7¼ per cent, compared with 7-7¼ per cent, while one-month, two-month and three-month funds were unchanged at 7⅛-7⅜ per cent.

HONG KONG — The money market was steady, with call money at 11¾ per cent, and overnight at 10¾ per cent.

GOLD

Firmer trend

Gold rose by $1 an ounce in the London bullion market yesterday to close at $244½-245. The metal opened at its low for the day of $243¾-244 and rose steadily to touch its best level, just prior to the opening of U.S. markets, at $244½-245. After dipping briefly it improved once more to its closing level. The Krugerrand's premium over its gold content narrowed to 8.12 per cent from 10.41 per cent for domestic delivery, and 2.61 per cent from 3.23 per cent internationally.

	Mar. 28	Mar. 26
Gold Bullion (fine ounce)		
Close	$244½-245 (£120.0-120.5)	$243½-244 (£118.4-118.6)
Opening	$243½-244 (£118.4-118.6)	$246½-247 (£119.7-120.1)
Morning fixing	$243.75 (£118.636)	$246.3 (£119.778)
Afternoon fixing	$244.40 (£119.046)	$244.35 (£118.928)
Gold Coins, domestically		
Krugerrand	$262½-265½ (£128-130)	$265-271 (£130-132)
New Sovereigns	$68¼-69¼ (£33½-34½)	$69¼-71¼ (£33¾-34¾)
Old Sovereigns	$75¾-77¾ (£37-38)	$75¾-77½ (£36¾-37¾)
Gold Coins, internationally		
Krugerrand	$250-252 (£122-123)	$250½-252½ (£122-123)
New Sovereigns	$65¼-66½ (£30¾-31¾)	$64½-66½ (£31½-32½)
Old Sovereigns	$75¾-77¾ (£37-38)	$75½-77½ (£36¾-37¾)
$20 Eagles	$317-322	$315-320
$10 Eagles	$168-173	$173-178
$5 Eagles	$119-124	$121-126

In Paris the 12½ kilo bar was fixed at FFr 34,060 per kilo ($246.94 per ounce) compared with FFr 34,175 ($248.35) on Tuesday morning.

In Frankfurt the 12½ kilo bar was fixed at DM 14,635 per kilo ($244.43 per ounce) against DM 14,705 ($246.29) previously.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 13 per cent (Since March 1, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills from the discount houses.

Banks brought forward surplus balances, there was a moderate excess of Government disbursements over revenue payments to the Exchequer, and the market was also helped by a slight fall in the note circulation. On the other hand repayment was made of last week's seven day lending, and the houses were faced with the unwinding of a purchase and resale agreement of eligible bank bills.

Discount houses paid 12½ per cent for secured call loans in the early part, with closing balances taken at 12¾ per cent, although some funds were picked up at 11¾ per cent during the day.

Fixed period interest rates were generally easier, with three-month sterling certificates of deposit rates falling to 12⅛-12¼ per cent, from 12¼-12⅜ per cent, and three-month interbank money to 12⅛-12⅜ per cent from 12¼-12⅜ per cent.

Rates in the table below are nomial in some cases.

LONDON MONEY RATES

Mar. 28 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12¾-12⅝	—	—	—	—	11¾-12¾	—	—	—
2 days notice	—	—	13-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12½-12¾	13¼	—	13	13	12⅛-12¾	—	—	—
One month	12¾-12⅝	12⅝-12⅞	12⅞-12⅞	12⅞-12⅞	13	13	12⅛	11⅞	12¾-12⅞	13¼
Two months	12⅞-12⅝	12⅛-12⅜	—	12-12⅝	12¾	—	12	11¾-11⅞	12⅛-12⅛	12¾
Three months	12⅛-12⅛	12⅛-12⅝	12½	11⅝-12	12½	12¾	11⅝	11	12⅛	12½
Six months	11⅞-11⅝	11½-11⅞	12	10¾-11⅛	12	—	—	—	11	12
Nine months	11⅛-11⅛	11¼-11½	—	11-11⅜	11¾	—	—	—	—	—
One year	11⅛-10⅞	11⅛-11¼	11⅝-11¾	11-11⅜	11¾	—	—	—	—	—
Two years	—	—	12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12¾-12½ per cent; four years 12⅞-12⅝ per cent; five years 12⅞-12⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11⅞ per cent; two-month 11⅞-11⅞ per cent; three months 11⅞ per cent. Approximate selling rate for one-month bank bills 12⅞ per cent; two-month 12⅞-12⅞ per cent; and three-month 11⅞ per cent; one-month trade bills 13⅛ per cent; two-month 12⅞ per cent; and three-month 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 11.0702 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10
Treasury Bills (13-week)	9.48
Treasury Bills (26-week)	9.43

GERMANY

Discount Rate	3
Overnight Rate	4.425
One month	4.525
Three months	4.70
Six months	4.95

FRANCE

Discount Rate	9.5
Overnight Rate	6.625
One month	6.8125
Three months	7.0625
Six months	7.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.8125

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هكذا من الأصل

Wall St. slightly higher in heavy early trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—56¼% (61¾%)
Effective $2.0495 23⅛% (27¾%)

AFTER TUESDAY'S strong rise on relief that the OPEC oil price increase was a good deal more moderate than had been feared, Wall Street managed a modest fresh gain in very active early trading punctuated by profit-taking.

The Dow Jones Industrial Average up 16.5 the previous day was 1.82 higher at 873.18 at 1 pm. The NYSE All Common

Closing prices and market reports were not available for this edition.

Index put on 16 cents more to $57.69 ... by a ratio of eight-to-five. Trading volume was up sharply to 35.85m shares from Tuesday's 1 pm figures of 20.03m.

Analysts conceded that the oil price rise is nevertheless "very serious," but said the ... is that it "will prod us on our own energy programme."

U.S. February trade figures, due later in the day, were likely to deflect stocks from an upward course, anaysts said, since the dollar successfully weathered the oil price increase and last Friday's news of soaring domestic inflation.

Gas prdoucers were firmer. **Houston Natural** put on $⅝ to $28¾ and **Tenneco** $¼ to $32⅛, both in active trading.

A number of high technology issues benefited from favourable Press comment. **Data Terminal Systems** rose $1⅞ to $46⅜, **Four-Phase Systems** $⅞ to $36¼, and **Texas Instruments**, $1⅜ to $85⅞, while **Wang Laboratories** advanced $1⅛ to $43⅞ on the American stock exchange.

Among Glamours and Blue Chips, which saw the brunt of the profit-taking **Du Pont** lost $⅞ to $143⅜, **Eastman Kodak** $¼ to $66⅛, **Boeing** $⅛ to $67⅛, **Teledyne** $¼ to $127¼, **Xerox** $⅝ to $59⅞ and **Polaroid** $1¼ to $40⅞.

General Public Utilities shed $⅜ to $17½. Radiation has leaked from its nuclear power plant operated by its Metropolitan Edison subsidiary.

Cities Service declined $1 to $61¼. Its 1978 net profit was cut by $85.5m through a chemical plant write-down.

Ashland Oil moved ahead $1⅛ to $44. It is to buy up to 5m of its shares at $45 apiece.

Garfinckel Brooks hardened $¼ to $19¼. The sale of its Joseph R. Harris unit is expected to boost 1978 operating net profits by 10.6 per cent.

THE AMERICAN SE Market Value Index improved 0.77 more to 179.98 at 1 pm, also in heavy dealings. Volume 3.38m shares (2.70m).

Among the Amex actives, **Ranger Oil** rose $1½ to $18½, **Juniper Petroleum** $⅜ to $7⅞, **General Exploration** $⅝ to $8¼ and **Amdahl** $1⅛ to $39½.

Canada

Shares were inclined to make further progress in another busy morning session. The Toronto Composite Index was 3.6 firmer at 1,496.6 at noon, while Oils and Gas climbed 11.4 further to 2,248.3. Banks moved ahead 1.12 to 301.82 and Utilities 0.55 to 214.62, but Golds reacted 15.7 to 1,656.9 and Metals and Minerals 3.2 to 1,322.1.

Merland Explorations gained C$½ to C$11⅛. The company reported earnings for 1978 doubled to C$4.1m.

Tokyo

Market showed little reaction to the OPEC oil price rise decision, and again finished on a mixed note with a slightly easier tendency prevailing.

Many shares were quoted ex-dividend and a few ex-rights, somewhat distorting the picture. The Nikkei-Dow Jones Average lost 0.72 to 6,108.30 and the Tokyo SE index 1.52 to 449.74. Trading was fairly active, turnover further expanding to 320m shares from Tuesday's 260m.

Chemicals and Light Electricals found support, while energy resources-related issues, including **Arabian Oil**, were selectively bought, but large-capital shares relinquished some ground.

Matsushita Electric Industrial rallied Y13 to Y673, **TOK Electronic** Y20 to Y1,870 and **Sony** Y10 to Y1,830, while **Tokyo Sanyo** advanced Y21 to Y442 and **Casio** Y8 to Y840.

Canon, however, declined Y12 to Y557 and **Sekisui Prefab**, still on slow housing sales news, shed ...

Germany

Continuing to respond to the OPEC oil price rise, which was relatively moderate compared with what the market had feared, and also boosted by the overnight Wall Street upsurge, Bourse prices staged a further improvement yesterday. The Commerzbank index rose 5.8 further to 784.3.

Foreign buyers, however, and some institutional investors were mainly responsible for the rise.

A dealer said that there was still a reluctance on the part of German private investors to participate in the market because of apparently well-grounded speculation that the Bundesbank will announce a rise in the Discount Rate at a Press conference today.

The measure to tighten credit and slow growth of the money supply would hit hardest at bank earnings, he added. However, leading Banks were higher on foreign support. **Deutsche Bank** rose DM 2.30 and **Bayerische Vereinsbank** DM 2.

Among Motors, **Daimler** advanced DM 5, **BMW** DM 1.60 and **Volkswagen** DM 2.10. **Mannesmann** gained DM 2.30 in Machine Manufacturers, where **Linde** put on DM 4 and **GHH** DM 2.

Public Authority Bonds were fairly steady, with the Bundesbank buying DM 5.2m nominal of paper after buying DM 15.8m on Tuesday.

Paris

The pay strike by Paris Bourse employees is to continue until at least mid-day today, their union stated.

Limited quotations were again provided under the Stockbrokers' Association special procedure.

The union has called on its members to cease their occupation of the Association's headquarters, following Court authorisation for police evacuation of the employees.

Australia

Selected Mining issues and **BHP** provided bright spots in otherwise easier-inclined Australian markets yesterday.

BHP improved 10 cents to A$11.20 on the new OPEC oil price rise.

Among Minings, **Metals Exploration** gained 4 cents to 78 cents and **Bougainville Copper** 3 cents to A$1.94, while **Hamersley**, A$2.75, and **CRA**, A$3.75, put on 5 cents apiece. **Central Norseman Gold** moved up 50 cents to A$20.00, but most Gold issues eased.

Coals had **Thiess** 10 cents higher at A$3.00 and **Utah** 5 cents firmer at A$4.90. It was reported from London that an unnamed Australian Miner had won a large contract to supply coking coal to a new plant set up by the British Steel Corporation. There was market speculation that Thiess was the company concerned.

The decisions by Email and Simpson Pope, the two take-over contestants for Kelvinator, to discontinue their stock market battle to acquire Kelvinator shares and instead enter into negotiations with Kelvinator caused the bid candidate's shares to fall back to A$1.65 before ending a net 96 cents down at A$1.85. This compares with the recently revised partial bid of A$2.30 cash per share from Email, which shed 2 cents more to A$1.06.

Hong Kong

After Tuesday's retreat, stocks made a mixed showing yesterday in light trading.

Jardine Matheson rose 20 cents to HK$12.10 ahead of results, due next week, while **Cheung Kong**, with results due today, gained 30 cents to HK$11.20.

Hong Kong Bank, **Hong Kong Land** and **Hong Kong Wharf** were unchanged at HK$13.20, HK$7.70 and HK$34.00 respectively.

Johannesburg

Gold shares generally edged further ahead in slow trading, helped by a slightly firmer Bullion price.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♪ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f France. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n France including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Mar. 27	Mar. 26
Corning Glass	56½	55⅝
CPC Int'rnation'l	53½	53
Crane Co.	30⅞	30¾
Crocker Natl	28¾	28½
Crown Zellerb'h	36⅜	36⅛
Cummins Engine	37¾	37⅜
Curtiss Wright	15⅜	14⅝

Stock	Mar. 27	Mar. 26
Johns Manville	24½	24½
Johnson Johnson	69¼	68¼
Johnson Control	30⅜	29¾
Joy Manufacturg	32¾	32½
K. Mart	25⅛	24⅞
Kaiser Alumini'm	20⅜	20
Kaiser Industries	2¼	2¼
Kaiser Steel	29⅛	29
Kaneb Services	15⅞	15⅛
Kay	16⅛	16¼
Kennecott	24⅞	24½

Stock	Mar. 27	Mar. 26
Revlon	49⅝	48¾
Reynolds Metals	38	37¼
Reynolds R.J.	59	58
Rich'son Merrell	25	23
Rockwell Inter	37⅝	37⅝
Rohm & Haas	38¾	37
Royal Dutch	68⅝	67
RTE	10½	10⅜
Ross Togs	10⅛	10⅛
Ryder System	23⅜	23⅝

Stock	Mar. 27	Mar. 26
Woolworth	23	22⅛
Wyly	5½	5¼
Xerox	60½	58⅝
Zapata	16½	15⅞
Zenith Radio	15	14⅞
U.S. Treas.4¾'80	†95	†95
USTreas4¼%75/85	†80	†80
U.S. 90-day bills	9.45%	9.54%

Stock	Mar. 27	Mar. 26
Uniroyal	6¾	6⅝
United Brands	9¾	9¼
US Bancorp	29½	29¼
US Gypsum	28⅞	28⅞
US Shoe	22⅞	22⅞
US Steel	25	24¼
UtdTechnologies	38½	37½
UV Industries	35⅜	34¼
Virginia Elect	13¼	13¼
Wagreen	26	26
Wallace-Murray	22¾	[illegible]
Warner-Commn	47¾	47
Warner-Lambert	24¾	24¾
Waste-Man'ment	29⅜	29
Wells-Fargo	28¼	[illegible]
Western Bancorp	25⅞	[illegible]
Western N.Amer.	29	28¾
Western Union	20⅝	19⅝
Westing'he Elec.	20⅝	20
Weyerhaeuser	32¾	31⅞
Whirlpool	18⅞	18⅞
White Con. Ind.	21¾	21¼
William Co.	19	18⅜
Wisconsin Elect.	26½	26½

Stock	Mar. 27	Mar. 26
Sceptre Res'urce	7⅜	7⅝
Seagram	37¼	36⅞
Shell Canada	19⅝	19¼
Sherritt G. Mines	11½	11½
Simpson	2.85	2.90
Steel of Canada	30⅛	30⅝
Steep Rock Iron	3.85	3.70
Teck Corpn. 'B'	13⅛	13⅛
Texaco Canada	58	58¼
Toronto Dom.Bk.	22	22⅝
TransCanPipeLn	19¾	19¾
TransMount Pipe	10¼	10½
Trizec	‡19½	‡19¾
Union Gas	11	10¾
UntdSiscoe Mnes	9⅝	9⅝
Walker Hiram	45¼	44⅜
West Coast Trans	13⅜	13⅜
Weston (Geo.)	25	25

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK —DOW JONES

	Mar. 27	Mar. 26	Mar. 23	Mar. 22	Mar. 21	Mar. 20	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	871.36	854.82	859.75	861.31	857.76	850.51	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.39	84.47	84.26	84.42	84.45	84.40	90.86 (4/1/78)	84.09 (15/1/79)	—	—
Transport.	225.70	219.91	219.76	218.20	217.42	216.99	261.49 (8/9)	199.31 (9/1/78)	[illegible] (7/2/69)	[illegible] (8/7/32)
Utilities	104.80	104.47	104.70	104.53	104.23	103.72	110.98 (5/1)	[illegible] (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	35,049	25,440	33,820	34,580	31,120	27,280	—	—	—	—

♦ Day's high 872.49 low 852.91

Ind. div. yield %	Mar. 23	Mar. 16	Mar. 9	Year ago (approx)
	5.75	5.80	5.87	[illegible]

STANDARD AND POORS

	Mar. 27	Mar. 26	Mar. 23	Mar. 22	Mar. 21	Mar. 20	1978-79 High	1978-79 Low	SinceC'mpil't'n High	SinceC'mpil't'n Low
‡Indust'ls	114.49	112.77	113.43	113.54	113.03	112.14	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	102.48	101.04	101.66	101.67	101.25	100.50	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/6)	4.40 (1/6/32)

	Mar. 21	Mar. 14	Mar. 7	Year ago (approx).
Ind. div. yield %	5.03	5.11	5.17	5.46
Ind. P/E Ratio	8.58	8.44	8.93	8.48
Long Gov. Bond Yield	9.02	9.02	9.01	8.15

N.Y.S.E. ALL COMMON

Mar. 27	Mar. 26	Mar. 23	Mar. 22	1978-79 High	1978-79 Low
57.53	56.76	57.08	57.09	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Mar. 27	Mar. 26	Mar. 23
Issues Traded	1,904	1,884	1,903
Rises	1,074	494	767
Falls	438	958	667
Unchanged	392	432	479
New Highs	—	36	62
New Lows	—	9	9

MONTREAL

	Mar. 27	Mar. 26	Mar. 23	Mar. 22	1978-79 High	1978-79 Low
Industrial	250.61	249.82	247.89	247.04	250.91 (27/3/79)	152.90 (16/2)
Combined	249.76	248.92	249.24	247.88	249.76 (27/3/79)	170.62 (30/1)
TORONTO Composite	1466.0	1459.8	1459.3	1455.9	1466.0 (27/3/79)	998.2 (30/1)

BASE LENDING RATES

A.B.N. Bank ... 13 %	■ Hambros Bank ... 13 %
Allied Irish Banks Ltd. 13 %	■ Hill Samuel ... §13 %
Amro Bank ... 13 %	C. Hoare & Co. ... †13 %
American Express Bk. 13 %	Julian S. Hodge ... 14 %
A P Bank Ltd. ... 13 %	Hongkong & Shanghai 13 %
Henry Ansbacher ... 13 %	Industrial Bk of Scot. 13½%
Associates Cap. Corp. ... 14 %	Keyser Ullmann ... 13 %
Banco de Bilbao ... 13 %	Knowsley & Co. Ltd. ... 14½%
Bank of Credit & Cmce. 13 %	Lloyds Bank ... 13 %
Bank of Cyprus ... 13 %	London Mercantile ... 13 %
Bank of N.S.W. ... 13 %	Edward Manson & Co. 14 %
Banque Belge Ltd. ... 13 %	Midland Bank ... 13 %
Banque du Rhone et de la Tamise S.A. ... 13½%	■ Samuel Montagu ... 13 %
Barclays Bank ... 13 %	■ Morgan Grenfell ... 13 %
Bremar Holdings Ltd. 14 %	National Westminster 13 %
Brit. Bank of Mid. East 13 %	Norwich General Trust 13 %
■ Brown Shipley ... 13 %	P. S. Refson & Co. ... 13 %
Canada Perm't Trust ... 13 %	Rossminster ... 13 %
Cayzer Ltd. ... 13 %	Royal Bk. Canada Tst. 13 %
Cedar Holdings ... 13 %	Schlesinger Limited ... 13 %
■ Charterhouse Japhet ... 12½%	E. S. Schwab ... 14 %
Choulartons ... 13 %	Security Trust Co. Ltd. 14 %
C. E. Coates ... 13 %	Shenley Trust ... 15 %
Consolidated Credits ... 13½%	Standard Chartered ... 13 %
Co-operative Bank ... *13 %	Trade Dev. Bank ... 13 %
Corinthian Securities ... 13 %	Trustee Savings Bank 13 %
Credit Lyonnais ... 13 %	Twentieth Century Bk. 14 %
The Cyprus Popular Bk. 13 %	United Bank of Kuwait 13 %
Duncan Lawrie ... 13 %	Whiteaway Laidlaw ... 13½%
Eagil Trust ... 13 %	Williams & Glyn's ... 13 %
English Transcont. ... 13½%	Yorkshire Bank ... 13 %
First Nat. Fin. Corp. ... 14 %	
First Nat. Secs. Ltd. ... 14 %	
■ Antony Gibbs ... 13 %	
Greyhound Guaranty ... 13 %	
Grindlays Bank ... ‡13 %	
■ Guinness Mahon ... 13 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½% up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

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TUESDAY'S ACTIVE STOCKS

Financial Rand U.S.$0.76½ (Discount of 35.5%)

Britain's valve-makers: an industry under manifold pressures

BY RAY MAUGHAN

THE VALVE INDUSTRY is in deep recession. The problem lies not so much in any substantial volume decline as in new market entrants and new capacity added during the last boom. British manufacturers have tried to *maintain market share* at the expense of profitability.

Fierce international competition and subsequent margins erosion are not unique to valve producers, nor is their charge that certain overseas manufac*turers are retailing* at or below the cost of production. But rather than shed labour to pare costs, the valves industry now appears to be reaching up market to the high added value offered by sophisticated new *products used, for example*, by the power generation industry.

The main concern for profits, shareholders and the 25,000-strong workforce in the UK valve industry is the extent to which manufacturers will continue to *allow low profits* and full employment in the event of a prolonged slump in their hope that higher technology will pave the way to important new markets.

The UK valve industry is one of dwarfs and giants. About 10 companies produce 50 per cent of total annual production, domestic sales value of which rose from £241.1m to £269.5m during 1977. The trend showing sales of £68.3m in 1977's final quarter and £72.3m in the following three months (the last period for which industry statistics are available) might be considered reasonably encouraging were it not for the subsequent revaluation of sterling and the growing industrial *disruption which has begun to* blight traditionally cordial labour relations.

These statistics exclude both very small valves used mostly in the home and those used in the oil exploration industry. The figures are made up from two very broad categories: general industrial valves produced from iron or brass and generally known as gate valves, and steel valves, which are supplied to process plant industries such as gas, oil refining, petrochemicals, food and brewing.

It is the process plant category which, in the words of Mr. Harold Grace, finance director of Pegler Hattersley, is subject to "boom and slump" conditions. The boom evaporated some 18 months ago.

Pegler is one of the two largest independent manufacturers in the UK. Its annual valve turnover, like that of Serck, is around £40m. Pegler was essentially a tap manufacturer until its merger with Hattersley, ten years ago, added a significant presence in the non-ferrous gate valve market. Six months later, under the auspices of the Industrial Reorganisation Corporation, the company bettered Serck's offer for steel valve manufacture, Newman Hender, in a deal which gave Pegler a notable exposure to the process plant market. This market, says Pegler's *managing director*, Mr. Alex Louden, accounts for around £17.25m of total group turnover of £86m.

A further £15-£20m of the group's production is sold in the form of iron and non-ferrous *gate valves*, which have wide applications in general industry. The construction trades are major customers for such "bread and butter" products and Pegler is now enjoying the first signs of improved demand from *this source*.

The international market for gate valves has been very difficult. Exports usually account for around half of total valve sales. But such is the unrelenting nature of international competition that ferrous gate valve exports from the UK fell from £8m to £5m between the first quarter of 1977 and the comparable period in the following year and accounted for almost all the drop in overall national sales from £14.3m to £11.3m.

Effects offset

By international standards Pegler is considerably smaller *than* the U.S. gate valve producer, Crane, which sells valves worth some £100m annually around the world. Mr. Louden believes, however, that Pegler's wide product range and heavy marketing emphasis has helped to offset the worst effects of the world economic downturn.

Yet the market for steel valves used in the process plant industry looks appreciably more difficult than the gate valve sector. Keen competition has held prices down for the past two or three years while the price of steel castings, which Pegler has to buy in, has risen by an estimated 20-25 per cent over the same period.

Petrochemical valves volume, Mr. Louden estimates, is down by around a quarter from its 1976 peak and, with Rotterdam refineries operating at about 70 per cent of capacity, no immediate improvement from these areas can be expected. There are some brighter points: Guest and Chrimes, in which Pegler has a 40 per cent stake, enjoys "constant and fairly good demand" from the water treatment industry and Pegler is confident of an improvement from its McEvoy Oilfield Equipment associate—where Rockwell owns the 51 per cent majority—after a severe downturn in the energy exploration market in North America.

Despite increased activity in Pegler's important building products division, where sales amounted to £29m last year, the weakness of most areas of the steel valve industry is such that Pegler expects no more than *maintained profits* of around £12.6m this year.

Serck's problems, in the wake of a bitterly fought and ultimately unsuccessful takeover bid from Associated Engineering, have been widely chronicled. *The defence forecast* of £9m pre-tax for 1977 was comfortably beaten but profits in the following year slipped back by more than £4m. A further fall is threatened in the current period.

Serck employs £21.5m, or around 45 per cent, of its total operating capital in the valves sector; Pegler around 40 per cent. Convinced that the currently more stable gate valve market is already very well served and thus highly competitive. *Serck is almost exclusively* geared to the "boom and slump" steel valve industry.

Serck's involvement goes back to 1955, when as a manufacturer primarily of radiators, it acquired the privately-owned Audley Engineering valves concern which was already well established in Europe. Its Newport factory still provides the guts of Serck's steel valves manufacturing capacity.

In 1964 a marketing venture with Rockwell was started. The principal product was the lubricated plug valve, which remains Serck's major speciality with annual sales of around £20m. The butterfly valve market was developed during the last decade and Serck would claim a significant position here in the world market. Towards the end of the 1960s, the group also entered a joint venture with the Jamesbury Corporation of Massachusetts in the ball valve market.

Serck quickly bought out Jamesbury's stake and, in 1972, severed its connections with Rockwell and purchased Rockwell's plant outside the U.S. At that point, says the group's chief executive, Mr. John Pinckard, Serck became a significant international company.

Turnover of both ball and butterfly steel valves is running at around £10m annually.

Mr. Pinckard sees the general industry or gate valve market increasingly in terms of a commodity business and is therefore determined to take Serck further into the more specialised highly engineered product range.

Unlike Pegler, which will not be tempted into the U.S. until "either they become more protectionist or we become less efficient," Serck is clearly very attracted by the North American market.

Mr. Pinckard *is confident* that the North American plug valve market has sufficient room for both Rockwell and Serck. The two groups are very close and the U.S. manufacturer is thought to have approached the Serck board *with takeover* proposals some seven years ago. However, no major rationalisation or merger moves are on the horizon.

Neither Serck nor Pegler foresees much net new investment in the valves market. Pegler, Mr. Louden stresses, is more aware than in the past of the need to look at overseas markets and will be making a big export effort in, for example, South East Asia, where penetration is still relatively small. Around 70 per cent of *Pegler's* steel valves are already exported, however. The Pegler board has concluded that "within the next three-five years, the group must undertake a major investment to get *off* its present plateau—but it may not be in valves."

For all the apparent difficulties, there do seem to be areas of growth still capable of attracting new market entrants. Valve-makers Hopkinsons Holdings' 25 per cent interim pre-tax profit advance last year to £2.13m is an example of the long-term strength of the power generation industry, its major customer, at a time when the market for its "off the shelf" valves is being badly squeezed by competition.

With the important building sector beginning to stir once again, the bottom of the trough for the valve industry, if not yet reached, cannot be very far off. But nobody is even prepared to hazard a guess as to how well and how quickly the market can lift demand to meet supply. The industry will remain under a heavy cloud until that question can be answered.

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FINANCIAL TIMES SURVEY

Thursday, March 29 1979

Microelectronics

Major investments in microelectronics are now planned in Europe, based mainly on American technology. But it remains to be seen whether a fragmented European effort can successfully challenge the industry's leaders in the U.S. and Japan.

ON OTHER PAGES

How chips are made

Max Wilkinson

E MODERN wonder of micro- :tronics is much easier to erstand than most people ık. The subject sometimes ears to be shrouded in :tery because the circuits are extremely small. The idea ı powerful computer the size ı soap-flake, a tea-leaf or a :nbnail seems — well — just 'edible. So, most people ı there.

owever, for those with more osity, the starting point ıld be that microelectronic uits are really only small ıpared with man — a rela- ly big and clumsy animal. earliest computers and o receivers were relatively e, mainly because the people connected different compo- ts together with wires, nuts, s and solder could not ıoeuvre their fingers round :hing smaller.

ı the earliest computers ı about 1950, fairly thick :s were used to carry pulses electric current through a rinth of valves. The valves · the simple function of wing electric current to pass ınly one direction. Several es were connected to form mple "gate" which is the ding block of all computers, e or small.

s the name implies, a gate ws an electric pulse to pass ugh when it is opened, but ks the current if it is shut. gate can be opened or shut nother electric pulse carried ıe gate by a separate wire.

ıus, a gate has two wires g into it; one carries the e which is trying to pass ugh the gate and the other ies a pulse which flips the open or shut. Only one comes out of a gate. The exit wire will only carry a pulse out of the gate if the entrance wire's pulse and the signal wire pulse to keep the gate open arrive at the same time.

In other words, if two pulses arrive at a gate together, one pulse comes out: but if only one pulse arrives at the gate nothing gets through. This is the basis of all digital computers. They consist of large numbers of gates connected together to perform the extremely simple form of arithmetic involved in adding two electric pulses together.

Calculations

Computer arithmetic therefore takes this rather odd form: one pulse + one pulse = one pulse (1+1=1); and one pulse + no pulse = no pulse (1+0=0).

Luckily, this form of arithmetic can be used for binary addition and subtraction, which can be readily translated into the more familiar counting methods of the outside world. All calculations of all digital computers are accomplished by large numbers of these simple gates adding electric pulses at very high speed.

In the earliest days, the gates had to be the size of shoe boxes because they were made from the old vacuum tube valves which used to be found in radio sets. The computers consisted of three basic elements: a series of gates to perform the basic arithmetic or processing, an electronic store of pulses representing the data to be processed, and a store for pulses representing the programme which would open and shut the gates in the desired sequence.

These early computers were cumbersome, expensive and unreliable. The thousands of glowing valves made them liable to overheat, and consume large quantities of electricity.

It was obvious from the start that computers would be much more efficient if they could be made smaller. Electric pulses would have less far to travel between gates, so the whole operation could be speeded up. This only became possible in the late 1950s and 1960s, following the invention of the transistor in 1947 as a replacement for the valve.

In 1959, transistors were made by the planar semiconductor process which now forms the basis of microelectronics. The process starts with single crystals of silicon which are grown in vats of molten sand. In its pure form silicon will not conduct electricity—but it was discovered that if the silicon was heated in an oven with certain gasses, it became contaminated in such a way that it would partly conduct electricity. It then became a "semiconductor."

Different types of contamination created different properties in the semiconductors, and it was found that if two different semiconductors were "sandwiched" together, they would allow electricity to pass in only one direction, rather like the old thermionic valve. The great advantage was that transistors were much smaller and used up much less power.

The second generation of computers in the 1960s, was therefore more powerful and much smaller than its predecessors. The transistor, in fact, made computing available to a wide range of commercial and government institutions which could never have afforded the old valve-driven monsters.

● THE MOST remarkable new technology ever to confront mankind—that is the description of microelectronics by Sir Ieuan Maddock, former chief scientist at the Department of Industry. Microelectronics, he believes, will prove to be *more important than the inventions of the internal combustion engine, jet aircraft and even of nuclear power.*

Why? Partly because of the astonishing reductions in *cost, rapid technical advance, unprecedented reliability* and the pervasiveness of its uses. But, perhaps most important of all is in what Sir Ieuan calls the ability of microelectronics "to extend or even displace man's capacity for thinking, his intuition or his judgment."

This Financial Times survey—the first specifically devoted to microelectronics and the micro-computer—starts with this *plain man's* explanation of the basic technology: what it is, how the devices are made and how they were developed. In subsequent pages we discuss the implications of the technology, applications, different products and the structure of the microelectronics manufacturing industry.

Transistors began to be made in large quantities on thin, salami-like wafers of silicon, sliced from the sausage-shaped crystal. Many identical transistors were made on the same wafer which were then cut up into small squares, each containing one transistor. To achieve this, the wafer was first covered with a mask so that when it was put in the oven, only small pinheads of contamination were diffused into the silicon slice. Each pinhead was at the centre of a small square or "chip" which formed one transistor. The wafers had to be placed successively in different diffusion ovens with different contaminants to form the complete transistor. These transistors were then wired up (just as the old thermionic valves had been) to form gates.

In America, about 1969, in the Bell laboratories, it was realised that by doubling the number of pinholes on the masks, two transistors (instead of one) could be diffused on each square or chip. The two transistors were then connected with fine lines of aluminium — sprayed onto the wafer through minute slots in another mask.

Within a couple of years, the techniques had been developed to the next logical step until about five interconnected transistors were placed on each chip to form a complete computer gate. The electronic components, which started as the size of a shoe box had been reduced to a small flake of silicon, about a quarter of an inch square.

The age of microelectronics had begun. One of the greatest difficulties was to make masks accurately enough, so that only the right parts of the silicon wafer would be doped with impurity when it was placed in the diffusion oven.

This problem was eventually solved by a photographic process. The wafers were coated with a sort of lacquer called "photo-resist" which can be washed away when exposed to ultra-violet light.

The masks were first drawn very accurately on transparent sheets the size of a kitchen table. They were then photographed and reduced to a slide the size of the silicon wafer. When ultraviolet light was shone through the slide onto the wafer, the required pattern of pinholes was burned into the photo-resist. When the wafer was placed in the diffusion oven, the gas would pass only through these pinholes to form the pattern of transistors.

Throughout the 1960s an enormous research effort was made in the U.S. to improve the purity of the silicon crystals and to increase the precision of mask-making. As a result, the number of transistors which could be placed on each chip doubled every year. At the same time engineers developed new types of patterns or "geometries" for their chips, to increase the packing density of transistors. Pinhole transistors began to merge and then to be replaced by a convoluted pattern of microscopic lines, each formed with a different type of impurity.

In 1972, Intel, the acknowledged leader in its field of semiconductor technology, was able to etch not merly a computer gate but the complete central processor of a computer on to a single chip of silicon. The first of these microprocessors were so-called "four bit" machines. That means they represented each character of information by four pulses (or the absence of a pulse) of electricity. They were therefore relatively simple computers, suited to mechanistic applications such as controlling washing machines.

Now, Intel is producing its first 16 bit microprocessor, which has the power and speed of a modern mini-computer and out-performs the larger computers of the early 1960s. This device, which includes substantial memory is more properly called a microcomputer. Intel also pioneered the use of semiconductors for computer memories with an entirely new chip capable of storing 1,000 bits (or pulses of information), the 1k random access memory (RAM).

Limits

Now, the leading companies are preparing to launch 64k RAMs which will inevitably be followed by chips with 128,000 cells and then 256,000. The limit of the present technology is thought to be about 10m elements per chip, the equivalent of the world's largest computer.

As each new step is made towards the goal of smallness, so technical demands also increase. For example, the smallest defects in the silicon crystal can upset the microscopic circuit elements. Minute quantities of dust in the fabrication process can cause whole batches to be defective. Masks have to be ever more precise and cleverly designed to prevent neighbouring circuit elements from interfering with each other.

Manufacturers are constantly striving to increase yields by reducing the number of defective chips which have to be thrown away. Each time the number of circuit elements is doubled, the yield is reduced. Then gradual refinements must be made until the yield is restored to nearly its previous level. This is why the cost of microelectronics, and therefore of computers, has been falling at such an astonishing rate. The cost of processing a wafer is roughly the same, whether it contains a large number of simple chips or a small number of very complex chips.

For this reason the advances in technology which make the big micro-processors and memories possible are constantly reducing the cost of the "simpler" circuits. Already, the simpler micro-processors can be bought for less than $1. Once the masks and the design have been perfected, computers can be printed out like postage stamps. And during the next decade they will be.

The techniques used for computer circuits can be used for almost all types of electronic devices including radio and television. Although designs are different, the fabrication and the economics are basically similar.

All types of circuit have now been shrunk so small that engineers are reaching the theoretical limits of photolithography for masking the wafers. However, new techniques are being evolved to overcome the difficulties, including X-ray lithography and electron beams which draw circuits directly onto the silicon wafers. These developments, and the use of computers to help to design chips, are discussed in the article on future technology on page xx).

A race to stay in the league table

EARLIER THIS month, Mr. Alan Williams, the Industry Minister, who has had most to do with Britain's attempts to enter the micro-electronic age, revealed a disturbing (to British business) set of figures. They showed the percentage of industrial components used in manufacture which were micro-electronic parts of one sort or another.

The U.S., not surprisingly, came top, with 24 per cent. Japan followed, at 15 per cent: West Germany came in at 14 per cent: Western Europe as a whole—not far behind Japan—was at around 13 per cent. But of that last total, Britain fell below the average, at between 10 and 13 per cent.

In short, Britain's manufacturers have been finding applications for micro-electronics at a significantly slower rate than its major industrial competitors.

It is a measure of the strides taken in the past year that it is now regarded as axiomatic that to lag behind in a league table like this one is a bad thing. Yet only a year ago there was little public discussion, either by Government or anyone else, on micro-electronic technology.

Precisely because the public "debate" has moved so rapidly, it is necessary to pose simple questions which have tended to be overlooked in the rush. The simple questions here are: why is it so important to find applications for micro-electronic devices? Why are there problems in doing so, and what are these problems?

Complex

Why are micro-electronic applications important? Microprocessors combine increasingly high processing power—that is, they can control more and more complex functions—allied to a tiny size. Therefore they lend themselves extremely well to a wide range of tasks which were previously (or still are) performed mechanically or electro-mechanically. The developments in equally tiny memories, which can now pack up to 64,000 bits or units on to a chip, further enhance and extend their use.

Because of this the two major areas of labour, the factory and the office, will see sweeping and progressive changes with, in factories, the introduction of micro-processor controlled machine tools and, in time, robots; and computer-linked word-processing systems now being introduced in offices.

At the same time, domestic tasks and leisure pursuits will also be invaded by the new technology, as consumer goods such as cookers, washing machines, refrigerators and indeed the home itself incorporate processors; while developments in the television set particularly presage a range of applications, from information bank to home computer and a variety of TV games.

So the chips are entering into both to what is made and into the process of making them at the same time. In the first case, it is becoming increasingly a fact that those products which do not incorporate micro-electronic technology will lose competitive edge and be seen as obsolete; while those production processes—whether for the production of paper (in offices) or of commodities—which have not taken advantages of processor-based strides in productivity will not be able to keep costs down and will tend to lose out in speed, too.

In short, unless an advanced trading economy applies micro-electronic technology, it will as a whole lag behind its competitors. It can be "side stepped" or "avoided" only at the cost of a substantial erosion in export markets.

Why are there problems, and what are they? First, European industry has been relatively slow off the mark. The U.S. space and defence programmes of the late 1950s, and early 1960s, coupled with the pioneering work of Bell Laboratories in transistor and semi-conductor technology, gave the U.S. a technical base for new products. The private market then benefited from the state-funded programmes by developing a range of applications for the technology.

Skill

Japan, most alert of America's competitors, took advantage of these innovations, and immediately sought new commercial applications for them, which were then exploited by that country's characteristic skill in marketing and distribution.

Europe kept abreast of many of these developments, and indeed in the purely inventive sense, European scientists were well represented. But the companies failed, by and large, to take their inventions beyond specialised, often defence-related applications, though there were some abortive efforts to do so.

Now, faced with a make-or-break rush into micro-electronics, many European companies are having to (a) licence the technology from the U.S. (largely) or Japan (b) buy into U.S. semi-conductor and other electronic companies (c) entice these companies to set up over here. It also means that the governments of the major European countries are having to pump lots of money, fast, into training and industrial support.

This in turn means that much of the technology has to be transferred, resulting in as much as a two-year lag in certain sectors. It also means that there is a bottleneck of information and, increasingly, trained staff of all kinds essential to develop new applications, train yet more staff and introduce non-technical management and customers to the new technology.

Further, the possibly inevitable atmosphere of slight hysteria which has gripped Government and industry has meant that for some companies at least, a cool look at where micro-electronics could be most cost-effective in their businesses has not yet been made.

However, considerable steps have been taken, and it is worth listing some of the more outstanding ones. Both the General Electric Company (GEC) and Plessey have announced that they will put major effort into the development of processor-based office systems, while the National Enterprise Board has set up a new company—NEXOS—to fish in the same waters.

The Post Office's development of the digital electronic telephone exchange, System X, which will go on public show for the first time later this year, will in itself be a major user of micro-electronic technology, as will the peripheral developments associated with it.

Inmos, the NEB's own semi-conductor company, has said it will develop a range of micro-computers when it begins work in the UK in the early 1980s. All the major European automotive companies are actively examining ways in which they can fit micro-electronic control systems into their cars. Naturally, the major computer manufacturers remain important users of chips.

Beyond these developments, there are encouraging signs that the British Government's micro-processor applications programme—funded last year to the tune of £55m—is beginning to pay off.

The Department of Industry offers support to companies to look at micro-electronics applications, both by paying up to £2,000 of the cost of hiring a consultant and by a grant of 25 per cent of the cost (normally not less than £10,000) of projects involving such applications. About 300 application projects have been approved so far, a much higher take-up than is usual in these cases.

Most recently, it has launched, in association with PA Consultants, a programme to make the country's "decision makers" in business and the trade unions aware of micro-electronics and its effects on products and jobs. This crash programme will take place between May and July of this year and then, indeed concommitantly as well, seminars and conferences organised by a variety of organisations will be encouraged and, to a limited extent, funded.

Quality

It is probably worth saying that, since the quality of many of those courses and seminars has yet to be proved, the aspirant after micro-electronic knowledge would be well advised to shop around carefully before making a choice.

The main emphasis of the courses will be in two directions: first, to make management aware of what microprocessors can do in their company; and second, to teach engineers, both those with a basis of electronic training and those without, how to acquire programming and other skills necessary for their efficient use.

The private courses are being supplemented increasingly by courses now being developed by universities and polytechnics, and it is estimated that the 3,000 places in micro-electronic engineering now being offered will shortly be doubled.

The main point, which is now being noted, is that the rapid developments in microprocessor and memory technology are in themselves useless until applications are found for them. This in turn means that the speed of development of new products must attempt to match the introduction of ever-more complex and powerful chips, or face obsolescence and declining markets.

John Lloyd

Infinite number of applications

THE MICROPROCESSOR has attracted the most public attention recently, because of its very wide variety of potential applications.

The microprocessor is a standard component which can be mass-produced relatively cheaply, but it can be programmed for an infinite number of different applications, ranging from the controls of a washing machine or to a vehicle's carburation system or to an accounting machine.

The microprocessor can be produced cheaply because it can be manufactured in millions without it needing to be redesigned for each new application. A large part of the cost of each new application is therefore in the programming.

The microprocessor is, however, useless on its own. In any application it must be connected to an array of memory cells and also to special circuits which will translate the microprocessor pulses into a form which is useful in the outside world (input/output devices).

For example, a microprocessor controlling a washing machine will need to accept information about the water temperature which must be converted by a special circuit into the pulses understood by the micro. Its output will also have to be converted from a stream of pulses into electric currents able to operate switches, for example, to turn water taps on and off.

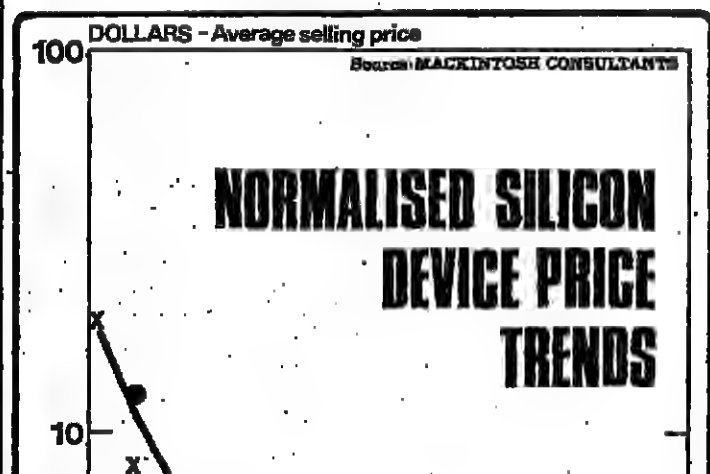
The special circuits need to be designed for a limited application and are often more expensive than the microprocessor itself, although Ferranti in the UK has developed a device called an "uncommitted logic array" which is claimed to cut design times to only a quarter for these special circuits.

Memory circuits, by contrast, are almost all mass-produced to a world standard. Read-only memories (ROMs) are used to carry programme data which cannot be altered once the micro is in service. Random access memories (RAMs) can store data which is constantly changing.

The microprocessor can fetch data from any cell in a RAM. But for bulk storage, serial memories, including the new bubble memories, are used. Data can only be retrieved from a serial memory in predetermined sequence, as from a magnetic tape.

In some applications, where very large numbers of chips are needed, it may be cheaper to develop a special circuit rather than use a microprocessor and its associated circuits.

Max Wilkinson



Changes in the function of chips

ı NAKED microprocessor is bout as useful as a dead attery and, just like any other entral processing unit, needs iemory and support circuits to ınction properly.

Not many attempts have been ıade to differentiate between ıe processors themselves and ıeir ancillary chips, possibly ecause of the speed of developient which is leading designers ı provide micros which incororate some memory and conol functions on one and the ıme piece of silicon.

Indeed, the single-chip proessor with its own on-chip emory is seen as the product hich in the end will dominate e market. In the meantime, ngle-chip, multi-chip and bitıce micros are served by a ultiplicity of other devices ıd it looks as if the ratio of ocessor value to support chip ıue is now in the region of 1 6 with single chip accounting r 6 per cent of a total market Europe in 1980, valued at 06m by Mackintosh Consulıts.

The latter put the share of ıltichip products at 9 per cent that figure with PROM/ROM emories at 36 per cent, RAM 17 per cent and other support cuits at 32 per cent.

In 1985, when market value Western Europe has moved two and a half times to 35m—while device shipments ıtuple to 25m—the picture ll have changed considerably d, as indicated above, singleip devices will surge ahead to per cent of the higher market ıue or $72m against $6m now. Multichip will go to 16 per cent, PROM/ROM to 23 per cent, RAM to 9 per cent and support devices to 24 per cent.

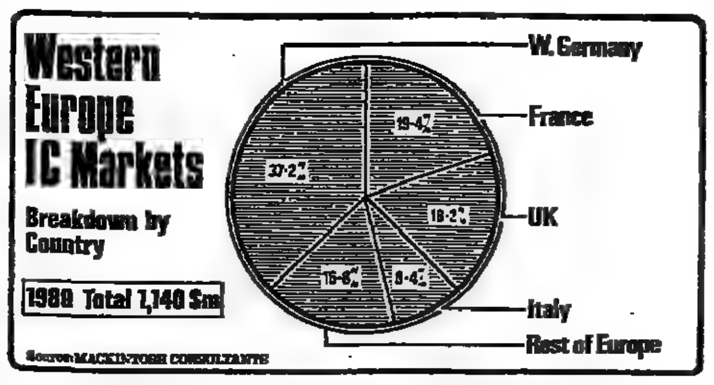
In other words the processor/support and memory chip ratio will have altered drastically to around 9 to 11. But be that as it may, the memory market in the specific area of the micro will still be worth a hefty $88m against $50m in 1980.

Trend

Underlining this trend is a statement made last year at a symposium in Anaheim by Dr. Federico Faggin, head of the Zilog Corp., who invented the first microprocessor in 1971/72 while he was working at Intel.

Faggin saw very large scale integration (VLSI) with 5,000 or more logic gates per chip having a major impact on processor and memory capabilities. Cost per gate had decreased tenfold to about 0.3 cents since 1971 and the 10,000 gate device was a year away with 50,000 gates achievable by 1985 — probably demanding a move to silicon-on-sapphire (SOS) technology because of the latter's much higher power dissipation.

Curious in the Mackintosh projections is the relatively slow advance of the RAM from about $18m in 1980 to $24m in 1985. Yet there has been a great flurry of writing about 64K RAMS and the speed at which they will displace other smaller chips, including the standard 16K between now and 1980. This itself will be replaced by a unit of four times the capacity by 1982, with a 1m bit RAM expected by 1985/6.



The relatively high growth in France can be largely accounted for by a higher ratio of discretes to ICs than in West Germany or the UK prior to 1976. The increase in the rest of Europe between 1976 and 1980 is largely accounted for by IC requirements in the watch and clock industry.

Many makers of general purpose machines, including ICL and Honeywell welcomed, of course, the appearance of the 16K devices and used them to win a small march over IBM when the latter was introducing new machines still using 1K banks.

Naturally, LSI and VSLI in bipolar or MOS are not the only memory and ancillary products serving the microprocessor though they are extremely fast with access/switching times measured in nanoseconds.

Also in the micro domain are the slower but considerably cheaper magnetic bubble memories and the charge-coupled device group.

Already manufacturers such as Rockwell are offering four-slice bubble memories representing 1m bits, and higher capacities per chip are predicted by it and by Texas, who was first into the market with bubbles and with equipment based on them.

Backers of CCD (charge-coupled devices) see on the horizon a hybrid RAM/CCD on a single chip to give lower systems costs without a deterioration in performance, despite CCD's much slower access time of around 100 microseconds.

Forecast

Motorola development specialists forecast an important intermediate storage rate for such devices, serving powerful micros, midway between fast LSI memory and mass storage—which could be one or other type of disc.

And there is also the Ebam-electron beam accessed memory —expected to hit the market in the early 1980s in which a tube of processed material one inch in diameter and two inches long can contain 1,000m bits of data which can be extracted by the beam in 80 microseconds for any location.

One factor which could have a marked influence on trend predictions is the degree to which circuit makers themselves pursue the production of virtually complete systems which only need to be connected to a power source and sensors to function in many roles.

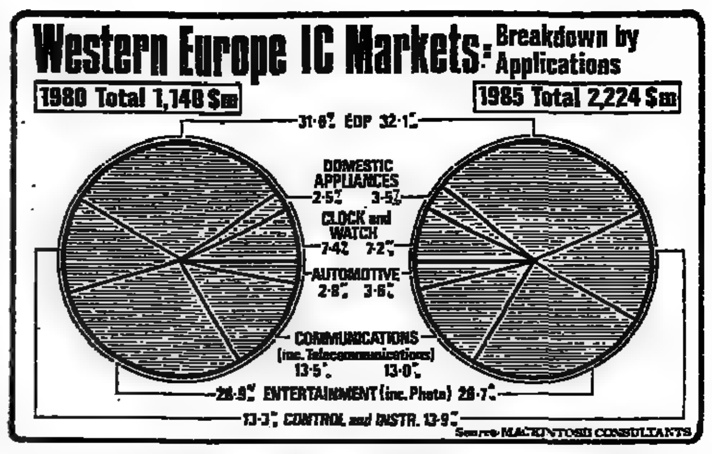
Intel, for instance, very recently brought out what it said was the first industrial control system of its type—ICS-80. This system will take any of the company's single-board micros within its signal conditioning and wire termination array, as well as any of the function expansion boards made by Intel and by 30 other manufacturers supporting the Intel Multibus design.

Intel obviously hopes for overkill and that the ICS-80 will become a de facto standard in the process control industry, in production automation, in data acquisition and in test devices.

But it is not alone in manufacturing such equipment since National Semiconductor almost simultaneously launched both a single card data acquisition system and a single chip eight-bit micro with a fair amount of memory on the same chip.

The data acquisition unit is on a Eurocard and provides 16 channels with 12-bit analogue to digital converter. On each signal conversion the RAM unit is given the result which it will feed out to the user within 220 nanoseconds of demand. Throughput is 8,000 channels a second, and the unit will work with "any of the popular computer systems."

To make the new one-chip, National has gone to a high density manufacturing technique XMOS. This has given it ability to provide 4K bytes of ROM and 256 bytes of RAM in the same chip and the claim is that INS8050 has double the capacity of any comparable unit on the market.



While the EDP sector will still remain the largest, the newer applications in watches, clocks, domestic appliances and automotive products will together take nearly 13 per cent of the market by 1980.

It looks as if forecasters and specifiers are going to have a high old time over the next few years!

But meanwhile there is the floppy disc, without which the present upsurge in micro usage arguably would not have happened. And its application in micro systems and in peripherals is encouraging continued growth predictions of between 30 and 40 per cent annually until some time in the 1980s when solid state stores—bubbles or CID—start to displace discs. Indeed, some solid-state devices already are on offer, but they are attacking a world market of around $600m at the moment so would have to achieve universal acceptance very quickly to make a visible dent.

However, the ultimate goal for the designer of a complex entity such as a computer-based system must be to eliminate moving mechanical parts, if only for reliability's sake. Thus, the days of disc storage must be numbered, even if in thousands.

Ted Schoeters

Innovators struggle to find uses

E FIRST application of a ig " integrated circuit to show v such developments could ome general was in an autotic washing machine.

ervis was the bold innovator, ting its initial development k four years ago, with the ımate aim of replacing the ss of timers, relays, and conllers needed to operate the tor and heater in a modern grammed washing machine, a single electronic control p.

The design task was not an y one and there was very le precedent to go on. Final cuitry would have to be able resist the steamy and someıes corrosive atmospheres preling inside the cabinet—ne detergents contain more n a dash of bleach—and put with shocks that occur in the t-balanced equipment.

The chip also had to be isoed from the heavy current eded to drive the powerful ıter and the whole array must designed so that servicing, if essary, would amount to a atively simple replacement .

Servis management saw a retion in the need for maintene of the quite complex ctro-mechanical equipment in uality automatic machine as a -line in a particularly tough a of the consumer goods rket. Their reasoning was t if visits to customers could cut by half or more the comıy would earn a great deal re, since to keep a big team engineers on the road is oming prohibitively expene.

But behind this short-term ective was a much more farching plan. Servis knew it s first in the field and that, h the ITT micro-eectronics tre at Footscray, it had done excellent job. The target is washing machine control t market for Europe, amountto several million units a r.

xpensive

Meanwhile, the development enabled Servis to produce extremely compact machine ich does not perceptibly vibe, even when operating on t spin. True, it is expensive ce the company has a large ount of research and development to pay off. But one of to-'s tribulations is the recalcint washing machine and if vis has tamed the beast to h an extent that only one intenance visit a year is rered then some thanks are due ts electronic pioneers.

Since this early application of micro-electronic device was de to what is in effect pros control, suggested uses have ne thick and fast for this a, and it is clear that a high gree of over-enthusiasm cars with it certain dangers.

There is little doubt that with amount of over-selling now evalent, micro-computers will misapplied and some disısionment creep in—not cause of lack of reliability or formance but due to wrong ices of basic devices and to or software.

In some areas of process control, the technology will have a hard task to gain a foothold, just as it took direct computer control of process plant at least ten years to gain acceptance.

To consider just one area of the process control industry, pneumatic controllers, it has to be remembered that up to 75 per cent of orders from instrumentation companies are for replacement and retrofit work or for customers who specify themselves what they require.

At the same time, pneumatics themselves have been given a boost by advances in associated instruments and tend to integrate well with electronics. So many designers and users, particularly in industries operating on hazardous products, will think long and hard before making radical changes in equipment that has served them well for several decades.

It must also be considered that overseas customers, particularly those in the Eastern bloc countries, do not like sudden swings in technology—not even in the size or material specifications in process vessels — particularly when the technology is one they are years away from being able to emulate. And that area is a good customer for British process plant.

As could be expected from the Servis work, engineers see the best outlet for micro-electronics in programmable controllers. World sales of these devices, which are in effect small local ganglions in a manufacturing plant's nervous system, are running at about £100m a year and have reached the very high growth rate of around 100 per cent.

The important part of any such controller can now be bought in the shape of a single silicon chip and it is obvious that here is a big micro-electronics growth area. If it is proved that a micro-controlled device applicable as a single-loop controller can be made as cheaply as the analogue version, progress will be rapid. For more complex units, it remains to be seen whether designers will opt for the potentially very high degree of reliability inherent in the ease with which redundancy and self-checking will be built into micro-based devices.

Telemetry is an area where opto-electronics are likely to expand quickly. Pioneering work is being done on military aircraft by Marconi to provide signal paths which are no longer lengths of wire or tubes carrying hydraulic fluids, but bundles of hair-fine glass fibres.

These fibre optic strands carry light signals and channels them along with no interference whatsoever and very little attenuation at each end. An opto-electronic unit emits a pulse of light as a relay opens or closes, or emits an electrical signal—to an instrument—as it senses a pulse of light.

Because the provision of many light fibre paths is a relatively simple matter, it is easy to see that control systems for aircraft and plant in hazardous areas can be made enormously more reliable.

Outlets for minute opto-

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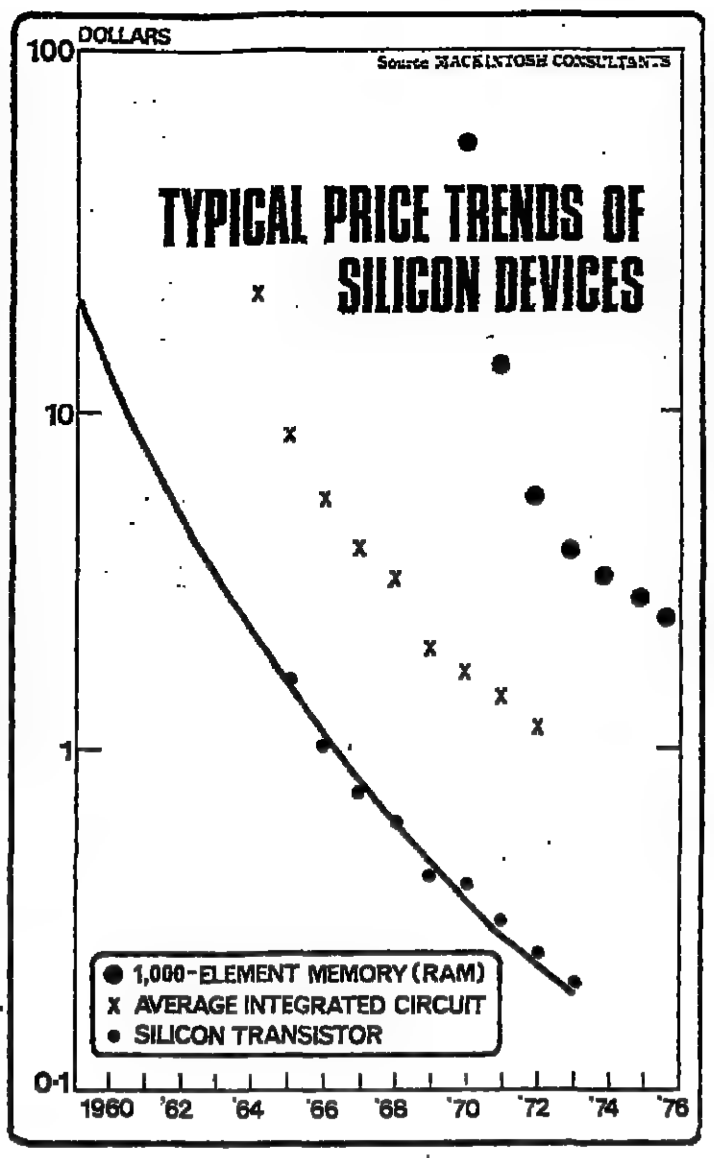
U.S. manufacturers lead the way

WORLDWIDE SALES of semi-conductor devices in 1978 totalled $7.6bn, of which about 58 per cent or $4.4bn was integrated circuits. Dataquest, the U.S. analysts, are forecasting a rapid rise to $12.7bn for the total semi-conductor market in 1982 of which 66 per cent or $8.4bn is expected to be integrated circuits.

During that period the fastest growing sector of the market is expected to be for Metal Oxide Silicon (MOS) devices, from which most microprocessors, microcomputers and expanding sector of computer memories are made. Sales of MOS devices are expected to double in the five-year period.

This market is served by manufacturers in three geographical groups and two main categories. The geographical groups are the U.S., Europe and Japan. At present the U.S. supplies about 63 per cent of the world's total semiconductors and probably more than 70 per cent of integrated circuits. The Japanese companies, stimulated by a $1bn government investment programme, are currently the only serious contenders against U.S. dominance in the world market for standard integrated circuits.



Investment

A major investment is now planned in the UK, France and Germany over the next three to five years, but most of the technology for the new ventures will come from America through licensing, joint ventures, or in the case of the *British Government's subsidiary* INMOS, simply by buying key American personnel.

The semi-conductor companies can be divided broadly into two further categories: the big league making mass-produced products including world standard computer memories and microprocessors, and the little league of companies with a much smaller operation which concentrates on trying to make high-value circuits for special and limited applications.

Until recently all the European semi-conductor manufacturers except Philips and ITT have been in this second category. It includes the three British manufacturers, Plessey, Ferranti and the General Electric Company (GEC). Total semi-conductor sales of these three companies in 1977-78 are estimated to be $60m, only about 6 per cent of the semi-conductor sales of the U.S. industry's leader, Texas Instruments. In the current year, Ferranti, probably the only profitable UK-owned manufacturer, is expected to sell about $14m worth of integrated circuits from its British plant and a further $10m through its newly acquired American subsidiary Interdesign.

This acquisition makes Ferranti the largest UK-owned manufacturer and with a return on capital well ahead of the world-wide industry average, it is easily the most profitable. Plessey, whose integrated circuit turnover is estimated at $18m in 1978, has been losing money and was last year looking for a purchaser. After abortive negotiations with both the National Enterprise Board and the GEC Plessey turned to America, but lengthy talks with General Instrument Microelectronics have so far borne no fruit.

Meanwhile GEC, whose integrated circuit turnover of $5m in 1978 was negligible on the world scene, has formed a joint venture with Fairchild of Palo Alto, California, the fifth largest of the American integrated circuit manufacturers.

In France the largest integrated circuit (IC) manufacturer is Thomson CSF, through EFCIS, its joint venture with the Atomic Energy Authority. Thomson's IC sales last year are estimated at $25m-$30m on which it made a loss of about $16m. This company has recently agreed to buy technology from Motorola, America's second largest semiconductor manufacturer.

In Germany the two manufacturers are AEG-Telefunken and Siemens, of which Siemens is the only serious contender in the international market (for digital circuits). Its IC turnover last year was $75m but it made $265m of discrete semiconductors. AEG-Telefunken has concentrated on so-called linear circuits suited to applications like radio and TV.

Siemens is likely to receive the lion's share of the Federal *Government's $100m to $120m* subsidies for the development of very large integrated circuits planned over the next few years. Siemens has also gained access to U.S. technology through its 30 per cent stake in Advanced Micro Devices (AMD) of California, the tenth largest U.S. company in this field.

Recently, however, Siemens and AMD have ended their collaboration over the development of micro-computers. Siemens has taken a licence from Intel, while AMD in the U.S. has elected to hitch its fortunes to the designs of a smaller company, Zilog.

Easily the largest of the European integrated circuit manufacturers is Dutch Philips, together with its U.S. subsidiary, Signetics. Philips itself is relatively strong in the production of linear circuits and discrete semiconductors, but the group has yet to make an impact on the market for high technology digital circuits. Philips's IC turnover last year was about $136m. Signetics is the sixth largest of the U.S. companies in integrated circuit production, with a turnover of $200m in ICs. Philips's total semiconductor production including single transistors exceeds $720m a year.

After Philips and level with Siemens comes ITT, an American-owned company which breaks with the usual pattern by having almost all its integrated circuit production in Europe. Footscray in Kent is the company's centre for MOS memory products, and ITT now rates second place in Europe for the sales of the industry's most advanced memory product, the 16,000-cell random access memory (16k RAM). It will soon go into production with the next step up in capacity—a 64k RAM. Its total IC production last year was about $70m.

Efficient

In Japan the four integrated circuit producers—Fujitsu, Hitachi, Nippon Electric and Nippon Telephone and Telegraph—must be considered in some sense as one, since they all co-operate in the government-subsidised research effort.

The Japanese have so far concentrated on supplying their own home market, with only a limited incursion into American and European markets. However, in certain narrow but important sectors the Japanese have shown themselves to be efficient producers and aggressive in marketing. Some of their computer memory components have been acknowledged by U.S. competitors to show superior reliability, largely because of the exhaustive test cycles that they are put through.

In the U.S. the top six integrated circuit companies all now have IC sales of over $200m.

Texas Instruments is the leader by a long way with 1978 IC sales of over $660m, more than double the sales of its nearest rival, Motorola, which returned $320m. Next comes National Semiconductor with $330m and Intel with $300m. All of Intel's products are in the high technology part of the industry. After Intel comes Fairchild with sales of $275m in ICs and Signetics with $200m.

Only three companies fall into the next bracket in the integrated circuit league. They are Advanced Micro Devices, RCA and Mostek, all with sales in the $120m to $130m range.

The third group comprises companies with about half the IC production of the second group. It includes ITT, General Instrument, Harris, Rockwell, Intersil and AMI. All fall into the range of $60m to $80m a year.

M.W.

Innovators

CONTINUED FROM PREVIOUS PAGE

electronic devices including solid-state lasers will be extensive should the technique become generally used.

But in the process and plant control area, the one sector in which electronics must gain ground rapidly as plant comes up for renewal is in the design of control panels. Anyone who has walked round a big power station must have asked himself how any human being can keep track of all the dials and charts. Yet engineers began talking about ergonomic design of control centres at least 15 years ago.

Now, the visual display unit, which owes so much of its recent rapid improvement to micro-electronics, is capable with a single colour TV-type screen of replacing 45 feet of instrument panel. But that is because the VDU can operate dynamically to pinpoint any particular reading that demands urgent attention.

Many power stations have started to use such displays, with their control keyboards, to simplify the operators' tasks. Meanwhile, new contenders for the job of "instant" information presentation are appearing on the scene, including large liquid crystal displays and gas discharge panels which promise to be less fragile than the VDU in tough operating conditions.

There are areas in process and manufacturing control where a great deal of research still has to be done. Particularly difficult is the technique of teaching a computer to recognise patterns or shapes. But this is a prerequisite for any satisfactory application of robot control to a production or assembly line.

IBM has been applying its not inconsiderable resources to automatic assembly and has succeeded in building equipment that will put together a number of quite intricate components at speeds many times faster than a skilled human can achieve—and go on doing this without a tea break or time off to go home.

For the time being, however, the robot assembler needs a powerful control computer to run it plus the backup of a large processor costing about £2m to do the requisite software development. It could take quite a few years to compress all that into a few chips, so the appearance on the market of general-purpose robot assembly lines for any industry is unlikely before the turn of the century.

But IBM certainly intends to use robot assemblers in its own plants and many car makers, particularly in Japan, are using comparatively simple fetch-and-carry robots, each with its own micro-processor or analogous controller, to perform hard or dangerous tasks. So the bases for a considerable extension of automation at the very foundations of manufacturing already exist.

Cameras

Borrowing from the bat, the latest camera in the Polaroid series finds the distance of its subject by emitting an ultrasonic "chirp" and measuring the time it takes for the echo to return.

Bats have been using this technique for, possibly, 100m years to avoid obstacles during nocturnal flying, but also to find their insect prey. And the succulent moths on which the bats feed have developed some interesting ultrasonic detection and avoidance procedures which help to keep an ecological balance.

The Polaroid range-finder uses a disc of a complex compound—usually lead zirconate titanate — which has the property that an applied voltage will produce a pulse of ultrasonics at a frequency far too high for human perception, and far higher than the bats' 18,000 to 20,000 cycles per second.

The trigger voltage is applied when the range-finding button is depressed. This action also sets off a timer under the control of a micro-electronic device, which counts the delay between emission and return of the echo time to give distance detector head.

Stored in memory is information such as the speed of sound and the characteristics of the drive train which moves the lens system, and the control device integrates this data with the echo time to give distance and number of turns of the drive required to move the lenses to the correct position. And this is only a brief account of what happens within a few milliseconds of pressing the focus button.

At the same time, the controller is setting aperture for optimum conditions or flash and it is obvious that without some really advanced technology including micro-processing, the Polaroid could not work.

Still on the leisure trail, micro-chips have found their way into TV games, about which many observers have mixed feelings. It all depends on what you call a game. Certainly the latest micro-chess players are well worth experimenting with, but they are not cheap and they have a certain lack of human warmth.

Games inventors are going to have to inject more than a dash of education into their products if the sector is to take off as the trade often has predicted. Indeed, it is the educational sector that is more likely to develop in a significant way, particularly to train and aid the severely handicapped and allow them to carry out useful work through novel means of communication.

Latest in recent attempts to make communications easier for the speech handicapped is a unit called a "Splink" for speech link. It is a TV screen connected to a keyboard carrying 950 words which form a good basic speech vocabulary.

The user touches the required word and a micro-processor decodes the position in vertical and horizontal rows to determine the word to display on the screen. In this simple way, quite complex sentences can be built up very quickly.

Extensions into the educational field are numerous and likely to be of much greater value than the TV game, which is a nine days' wonder and, after that, most probably, a great yawn.

Ted Schoeters

The impact on industrial plans

VERISH ACTIVITY has been dent in the past year on the 't of European governments ich want to make up lost und in the manufacture and ılication of micro-electronics.

n Britain, two new comıies have been formed to ke semi-conductor chips. In ınce, three new projects have n announced which are inded to result in huge investɔts in new production plants. n Germany, Siemens and the leral Government have conıed to invest substantially 'esearch and capital expendiɛ intended to provide ional strength in semi-contor manufacture.

he first of the new projects be announced last summer the British National Entere Board's subsidiary, IOS, which has been allo-d funds of £50m to attack mass market for standard ro-processors and memories. s was closely followed by announcement of a joint ture agreement between the eral Electric Company and ːchild of California intended stablish a similar plant.

ı France, the semi-conductor pany EFCIS, jointly owned Thomson CSF and the mic Energy Authority, has ed a technological agreeıt with Motorola for the elopment of a new plant. ıt Gobain is establishing a t venture with National i-conductor and Matra has e a similar deal with Harris.

the ambitions of all these ıures are realised, the extra luction of semi-conductors France and Britain by the 1980s could amount to veen $500m and $1bn at ent values.

dditional manufacturing city is also being provided nany of the major U.S. comes which have manufactursubsidiaries in Britain: rola, National Semi-conor, Texas Instruments, and Mostek is also planning to ıp a plant, either in Scotland n Ireland.

ıe plans to increase capacity been accompanied by a effort in Britain and else-e to stimulate awareness of is being termed the "microronics revolution" and to note efforts to develop new lications for the devices. James Callaghan, Prime ster, has stated that Govern-t subsidies totalling about m could be made available ıe next few years.

ıese practical efforts have accompanied by the publication of a series of reports on the industrial, strategic, and even the philosophical implications of this vigorous new technology. The Nora report in France, called "L'informatisation de la societe," is one example. The Advisory Council for Advanced Research and Development report to the Cabinet in Britain is another.

More recently, the U.S. consultants Arthur D. Little produced a huge report whose very title contains a new concept with astonishing implications. It was called: "The strategic impact of intelligent electronics in the U.S. and Western Europe 1977 to 1978."

Baffling

The idea that electronics can be "intelligent" may sound baffling to the outsider, but it is now accepted as a commonplace by most people in the micro-electronics industry.

This fact, and its implications, partly accounts for the recent flurry of activity in Europe. If electronics are going to become intelligent, the argument runs, then the military as well as industrial strategy of developed countries demands that they should be able to manufacture the devices.

The intelligence of microelectronics devices derives from the fact that they can be programmed to react in different ways to different stimuli, whether in controlling an industrial machine or in manipulating words and phrases in a textediting terminal.

The capacity of micro-processors and memories is now becoming so great that the programming of even low-cost devices is becoming extremely complex. So although their intelligence is never creative or original it can certainly replace the work of clerks and skilled machine operators in a wide range of industries.

Until about two years ago it was widely believed in Europe that it would be possible to remain competitive by clever programming design of systems which would be assembled from equipment using standard U.S. or Japanese-made components.

However, that view is coming under increasing attack because of the rapid pace of development of micro-electronic circuits. Already about 200,000 separate components can be etched on to a single silicon chip. In five years' time it is expected that packing densities will have reached 5m components per chip while the design of these extremely complex circuits will have been speeded up with the aid of computers.

By this stage it will be possible to etch complete subsystems of computers (or other devices) as well as large sections of the programme instructions on to a single chip. The design of the "intelligence" will then have passed to a large extent into the control of the semi-conductor manufacturers. Moreover, companies which do not have access to the technology of silicon chips may find it difficult to design competitive systems at all.

This probability explains why European governments are preparing to spend more than $1bn over the next five years in developing integrated circuit manufacture with the help of American technology. It also explains why electronic systems companies such as GEC, Thomson CSF and Siemens are all now convinced of the need to take an active part in the semiconductor industry.

The question remains, however, whether the new European companies and joint ventures can be successful in the highly-competitive world market against continuing pressure from the leading American companies and the newer challenge which is emerging from Japan.

To some extent the European companies will enjoy the protection of preferential purchasing, for example from telephone authorities which require special circuits in large volumes; from the automotive industry, which may have special large-volume requirements in Europe which are different from those in the U.S.; and from the television industry, where similar conditions apply.

However, it must be said that the semi-conductor industry tends to place an inordinately high premium on mass production. If a circuit is required in large quantities of, say, 1m or more, the economics will be determined by the competition of the most efficient companies in the world. If smaller companies wish to make a living by making special circuits in low volume, they can do it only if they can justify charging a very much higher price than the going rate for mass-produced circuits.

Tough

For these reasons many observers believe the going will be very tough for the European companies which try to break into the big league of mass production based on world sales. With government support, some of the new ventures will almost certainly succeed, or at any rate not altogether fail.

But even if markets for the new high technology products continue to expand at 20 to 30 per cent a year, it seems unlikely that all the present competitors can stay in the race. The main reason is that research costs and capital expenditures will continue to rise steeply as patterns etched on to the chips become ever smaller, with individual lines only one micron (a millionth of a metre) wide or less.

Sooner or later, therefore, it is likely that a shakeout will occur, as happened in the manufacture of mainframe computers and the large, successful companies will gobble up the smaller competitors. Whether the European ventures will be able to grow fast enough to survive this process, remains to be seen. Maybe some of them will.

M.W.

Competitors scramble to catch up

TWO YEARS or so ago, when the well-known software and systems independent group CAP—Computer Analysts and Programmers—decided to invest a great deal of money in equipment and methods for writing instructions sets for microprocessors, many people in the industry thought the senior partners were backing a certain loser.

CAP Microsoft, they said, was premature, would be addressing the wrong products because the industry was developing so fast, and that in any case it was doubtful whether microprocessors would have much impact on computing at any level, including that of the mini.

To the extent that replacing four boards in a mini by a single board with memory and controllers at a quarter the cost is no great event so far as total system cost is concerned, the critics were right. But since the micro can perform so many functions conferring a modicum of independence on visual display units, intelligent terminals, printers, etc., it is obvious that it has to affect the industry at all levels.

Premature

Possibly Microsoft was premature and preached to the unconverted for a year before the upsurge of interest in the potential uses of microelectronics. But with their ability, through the development of ingenious software, to simulate the working of practically any micro and convert the instructions derived during such exercises into operating routines which can be stored in compatible micro-memories, Microsoft and its emulators have secured an advance over other groups which are now frantically scrabbling to make up for lost time.

Microprocessor software is not easy to write. In the period 1976-77 a number of instances came to light where time taken to program relatively simple equipment built around a micro was four to five times that which would have been needed to do the same task with a mini. But in several cases the latter solution was ruled out because of volume constraints, and the users had to put up with the fact that while equipment costs were declining, software costs were expanding at a very fast rate—which is fine on an open-ended defence budget, but not so good in the hard world of commerce.

There is small wonder that would-be users are frequently warned not to expect an off-the-shelf "personal" computer to do payroll and stock control even for the smallest company. A machine can be bought for £500, and it is not a gimmick. But to do serious computing on a routine base, handling all the figures that commercial practice and the Inland Revenue now demand, a would-be user should start to think around the £10,000 mark, a good part of which represents systems and applications software.

Indeed the resentment between established makers of small business computers and the entrepreneurs now pushing into that market with micro-based products is coming to a head precisely over this point of the provision of adequate software and the continued support of it by the supplier.

Announcing a further investment in library software programs for its business systems recently, Philips Data Systems made it known that in its opinion smaller companies were not offering the support a first-time user needed and "represent a far greater risk for the buyer."

The investment decided on amounts to £2.6m and it will go towards expanding the routines available as part of the total package with the various machines supported by Philips and offered in what one might call a "bundled deal." Philips will write special routines if users insist but the company generally prefers to supply software, it knows from experience, will create no problems.

This question of responsibility and standards has been exercising the National Computing Centre for some time and more particularly since it became clear that any electronic engineer with up-to-date microchip and peripherals catalogues and a soldering iron can put together a working "business system" in a very few hours.

This would include display and keyboard, driven chip, discs and a printer. So one must immediately ask who is responsible if the printer stops working, or the floppy disc drive collapses or the display goes down. The small entrepreneurial company is unlikely

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Important debate on industry's future

THE BIG strides made by semi-conductor technology over the past 30 years, and more especially in the past 10 years, have bred a belief that further, rapid innovation can be infinite. *It will not be.*

Many manufacturers now reckon that the late 1980s or early 1990s will see the effective limits being reached in much micro-processor and memory development, though there will be other breakthroughs to be made elsewhere.

It is now generally agreed in the industry that leading companies will be able to construct memory devices with 1m components on them by the mid-1980s (though there is some debate about whether or not there will be a market for them).

By that time, too, 32- or even 64-bit micro-processors may be in service. Whether that will mark a pause in the development of the technology is impossible to say, though some experts believe it will, and that semi-conductor invention will branch out into opto-electronics (a develement already healthily under way) and other avenues at present barely explored.

One reason for believing that there is an effective end in sight is *that the production technology* will have effective limits. At present, most chips are made with optical masks, which can give feature sizes of down to four microns, or thousandths of a millimetre.

However, so-called projection aligners are now available which can give widths of three or even two microns, while it is possible to have—for a high cost—advanced electron or E-beam machines which can yield widths of one micron or less. X-ray techniques also carry the engineer down to these unimaginably narrow widths. Progress beyond that will be in fractions of microns.

Technique

A necessarily simplified description gives an impression of the difference in the techniques. Using optical masks, the pattern of the chip is made on a large photographic plate, then progressively reduced on two different cameras, and then repicated on masks 200 to 300 times over.

Each reduction process, especially the last, is a potential source of errors, largely because the wavelengths are comparatively long. Using electron beams, with much shorter wavelengths, and drawing patterns directly on to the masks, components of one micron or less can be accurately reproduced.

The technique has its drawbacks: it is very expensive, and many times slower than optical processes; and it is quite possible that E-beam machines will be used in semi-conductor houses in conjunction with optical processes— the E-beam making the masks, and optical and X-ray processes replicating the chips from these masks.

If there are limits to the production technology, it seems that there are few limits to the applications to which chips will be put in the future. Indeed, one manufacturer (General Electric of the U.S.) claimed recently that we were still standing on the threshold of micro-electronic developments worldwide, and that every conceivable area of human work and leisure would undergo major—and of course beneficial—change because of it.

The following list is far from exhaustive, being confined mainly to new or relatively new market segments worldwide (the list is largely based on Fairchild Camera estimates).

In car, truck and bus production, micro-electronic technology accounted for $115m in 1975, and is targeted to rise to $788m in 1982—a seven-fold increase (see graph).

In the pocket calculator market, it is thought that $150m-worth of semi-conductors will be used annually in each year to 1982. Digital watches are forecast to use £60m-worth of chips each year in 1982. The worldwide stereo market for semi-conductors is expected to grow from $385m in 1976 to $708m in 1982.

In two smaller markets, semi-conductors in microwave ovens will grow from a value of $2.6m in 1976 to $17.6m in 1982; and in the telephone handset, chips will grow from $2.4m in 1979 to $10m in 1982. However, there will be a much larger take-up in worldwide telecommunications networks, in exchanges and in other peripheral equipment.

In the mini-computer market, the figures are much larger: the market should rise from $26m in 1970 to $1.1bn in 1982. Single-chip micro-processors will be selling $122m in 1982 compared to $26m in 1977, while board system micro-computers will be at $285m in 1982, up from $37m in 1976. Finally, intelligent terminals should take $204m-worth of chips in 1982 against $57m in 1976.

This list greatly understates developments. In many of the "old-fashioned" technologies, growth in micro-electronics, paradoxically, will be even greater. Defence (which can be given the credit for pioneering development in the field) will become increasingly dependent on micro-electronic technology, especially in signalling and in range-finding; while medical equipment is now a comparatively large user of chips and will become a much bigger one.

The list further extends into domestic appliances such as cookers, washing machines and refrigerators, then loops back into the traditional market of large computers and extends on into various forms of process control in manufacturing, together with stock-control systems and diagnostic devices.

What will the micro-electronics industry itself be like in the future? This question naturally exercises its executives and workers, and there is currently a fascinating debate going on within the industry on two quite separate, but not necessarily mutually exclusive, strategies for semi-conductor companies going into the 1980s.

The debate found a public forum in the recent Financial Times/Mackintosh Consultants conference, "Tomorrow in World Electronics," when the protagonists were Dr. Richard Petritz, managing director of Inmos, and Dr. Lester Hogan, vice-chairman of Fairchild—*competitors in both the U.S. and the UK.*

The argument therefore was far from an academic one and it is one being waged throughout the industry; on its outcome, the shape of the industry and the companies in it will depend.

On one side, the argument runs like this. For the past ten years, the semi-conductor companies have been "manufacture-orientated"—or, as Dr. Hogan

The "Zapper"—a laser mask eraser—is one of the rigid quality control checks used by the Siliconix group in its mask-making process. Integrated circuits represent more than half of Siliconix's sales; these devices include analog switches, analog/digital converters, telecommunication ICs and timing devices

put it, "technology driven." That is, they were most concerned to invent and innovate, bringing on to the market the latest brainchildren of their designers and allowing the customers to come to them.

There always seemed to be a market for the products, and so the companies' designers simply continued to reach greater and greater levels of sophistication.

However, the sophistication is now becoming so great that the next generation of chips, or the next after that, will meet almost any conceivable systems requirement. The effort no longer will be directed at invention, but at systems design and the marketing of products. The companies must begin to find out what the customer wants.

As Dr. Hogan put it: "The volume production will no longer go to the world's most complex chip. The volume production will go to the chip that reduces the total systems cost the most."

That in turn will dictate a profound change in company structure. The high-volume semi-conductor production houses will be the dinosaurs of the late 1980s. Instead, vertically-integrated electronics companies will become the order of the day.

Dr. Hogan said: "In many cases large systems will require a large number of different chips but a small quantity of certain ones. The manufacturing process must change dramatically, and it will be extremely difficult for present-day manufacturers to maintain the *present-day structure of the industry.*

"Vertical integration from component design through system manufacture and sale appears to be the prime requisite."

The opposing argument runs: cost has always been the prime consideration of the semi-conductor business, where the *regular practice is forward pricing* — quoting delivery prices for, say, six months in the future which are *below present production costs.* This process can be reasonably expected to continue.

In practice, that means that *the large users will seek ways* of sourcing their chips at the lowest possible cost. In-house manufacture of the kind proposed by Dr. Hogan, where a vertically integrated company makes small batches, will never have the price edge over high-volume houses making multi-application processors, memories and micro-computers.

Dr. Petritz, whose company, Inmos, to a large extent depends on his hunch coming off, argued that even those companies, like IBM, which presently produce chips in-house for their own use will be forced on to the open market for their chips purely because of the competitive pressures of price. Indeed, Dr. Petritz cited the recent purchase by IBM of batches of Intel chips as one such straw in the wind.

So, the lines are drawn: vertical integration versus mass production. Both sides are certain of the correctness of their analysis. Dr. Hogan: "Personally, I believe that 10 years from today there will be *no large pure semi-conductor* companies surviving." Said Dr. Petritz: "I will bet that ten years from now IBM will be buying in all but its most specialised chips."

Though *theoretically*, the strategies are not mutually exclusive in practical terms, Dr. Petritz could be right in the immediate future and then, when Dr. Hogan begins to be right, Inmos and any other "pure" semi-conductor manufacturers could be absorbed into a vertically integrated company to the probable profit of both.

We shall have to wait a decade to know the result whether one or other is right, both, or neither.

John Lloyd

Competitors

CONTINUED FROM PREVIOUS PAGE

to have much pull with a supplier of low-cost hardware, particularly if the latter is situated on the U.S. West Coast. So "cheapest" in this sense could be very far from best.

But at the same time, one could ask the question "What is a business system?". Texas Instruments, which claims with some justification to be the world leader in advanced micro-electronic memory products, has brought out very recently a business decisions package which takes the form of software stored in a memory that can be plugged into a number of the company's programmable calculators.

It contains 11 programs including a self-check routine but also procedures for long-term financing, debt financing, investment evaluation, re-order timing, etc., etc.—all routines which would normally need the services of a relatively large computer and expert staff to set up and run. But Texas is supplying this particular business decisions module for £32. A small printer can be coupled to the calculator.

Shall we then see, in the next five years or so, an industry developing in such a way that, besides being able to walk into the High Street computer shop and buy the components for a system of his choice, a user will be able to select off-the-shelf all the plug-in software routines required to run the computer and its peripherals and do all the tasks specified on the wrappers?

Perhaps not in five years, but certainly in 10 since Texas is not the only circuit manufacturer working towards this end. Indeed if the cost of processing and memory devices continues to drop as it has it is hard to see where else makers will go, *and that is where National* Semiconductor as well as Texas is aiming.

Prospects

Looking up-scale from the area now served mainly by the small mini, one can see a large area of computing open to an *ingenious use of multiple micro*-processors harnessed to a common task. Several attempts have been made in the past five years to do just that but apart from initial claims of "power equal to that of a large 370" from a handful of micros, very little more has been heard.

With Pulsar, however, Digital Equipment Corp. is making a serious attempt to provide a commercial unit based on up to 16 of its own LSI-11 micros and has demonstrated processing power in real-time work some 50 per cent better than that of the PDP-11/70, DEC's most powerful mini. But the software tells the user that Pulsar is a single standard DEC mini.

In Britain, National Physical Laboratory and Scicon are using a "ring" of Ferranti Argus 700F computers in the Demos project which may result in an extremely powerful machine with unmatched ability to recover from the failure of one or more component computers.

UMIST, rapidly assuming a European lead in research on what can be done with micro-processors, has set up MAU — *for Microprocessor Applications* Unit—to study such structures as Cyba-M which is also an array of 16 micros. MAU has experience of many microprocessor devices and with its 80 experts in the area is offering training and a technology transfer service from the laboratory to the production floor.

At the apex of microprocessor applications is the distributed array processor (DAP), with which ICL in Britain appears to have won a world lead despite very belated and grudging official support.

This machine, which at the moment requires a large computer to control it, has an array of 64 x 64 simple but very fast processors each with its own memory store. It will carry out the same operation simultaneously in all the elements of the array and will become invaluable in working on many groups of data like those which occur in weather forecasting and the modelling of such global operations as those of the *big petroleum companies*, apart from its obvious military potential.

Ted Schoeters

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U.S. Sugar Bill again delayed

By Our Commodities Staff

FURTHER DELAYS in U.S. ratification of the International Sugar Agreement seem likely following news that the House Agriculture Committee in Congress has cancelled drafting sessions on a new Sugar Bill because of disagreement amongst producer groups.

The Bill has already met opposition from union leaders dissatisfied with wage provisions and from consumers worried by inflation. Now producers are said to be quarrelling about payment limitations, according to a Reuter report from Washington.

In London yesterday the International Sugar Organisation confirmed that it was postponing the start of contributions to its stock financing fund until June 1 to give the U.S. more time to pass legislation authorising contribution fees on sugar imports.

Meanwhile world sugar prices held steady yesterday following news that India had rejected all bids at its selling tender. There were varying rumours on how much India was offering, apparently because the tender only mentioned "several cargoes" and it was thought the quantity sold would depend on the prices quoted.

There was little market reaction to reports from Brussels that the EEC Commission had authorised exports of ...00 tonnes of white sugar—believed to be the largest amount so far this season.

There are unconfirmed rumours that much of the EEC exports are destined for the Soviet Union, although it is not to be understood why Russia should be buying following a bumper domestic beet crop.

India fixes cotton export quotas

NEW DELHI — The Indian Government has announced the cotton export quotas totalling 150,000 bales for the 1978-79 (September/August) season.

The Cotton Corporation of India is allotted 70,000 bales, the states of Punjab, Maharashtra and Gujarat 20,000 bales each and the states of Haryana and Rajasthan 10,000 bales each.

The states' quotas will be used by marketing federations for the benefit of growers, the Government said.

Reuter

Canadian copper strike threat

BY JOHN EDWARDS, COMMODITIES EDITOR

TALKS WERE continuing last night to avert a strike at the giant Canadian Copper Refinery in Montreal.

A spokesman for Noranda Mines said the strike deadline was April 4, although the workers' labour contracts expired on March 22.

There was no confirmation of market rumours that the majority of workers had already rejected the terms of new labour contracts offered by the company.

Production of copper at the refinery last year was 388,000 tonnes—well below the potential capacity which is understood to be more than 500,000 tonnes.

Output was hit by the lengthy strike at the Gaspe mine, yet to be settled, and the closure of various Canadian mines because of uneconomic prices.

A strike at the Canadian Copper Refinery would virtually halt all Canadian copper deliveries since the country's only other refinery—part of International Nickel's Sudbury mine complex—has been closed by a strike since September.

Better news yesterday was that the Peruvian copper workers stoppage has been partially settled. A Southern Peru Copper spokesman said that Toquepala miners had returned to work, but he added that so far workers at the Cuajone mine and Ilo smelter have not ended their strike.

The Canadian strike threat brought a sharp rise in copper prices on the London Metal Exchange in early dealings, but values eased back on the settlement in Peru before rallying again. Cash wirebars closed only £2.25 up at £1,050.5 a tonne, but moved higher in late kerb trading. Zinc is also produced at the Canadian copper refinery, so it too was boosted.

Lead prices rose sharply again as the squeeze on nearby supplies tightened again. The cash price rose by £16 to £589 a tonne, increasing its premium over the three months' quotation at £551.25.

There was reported to be good trade buying interest, possibly reflecting nervousness about the repercussions of the continued stoppage at Kennecott's Ozark lead-zinc mine in the U.S.

The rise in copper, and the continued shortage of nearby supplies, pushed LME aluminium prices to record levels. The cash price gained £4 to £794.5 a tonne.

Mr. D. A. Pinn, chairman of Alcan Aluminium (UK), forecast at the company's annual meeting in London that aluminium ingot prices would rise later this year. He said consumer stocks in Britain remained low at under the two months' supply.

'EEC needs dynamic grain export policy'

BY OUR COMMODITIES STAFF

THE COMMON Market needs to reform its grain export methods and develop a "dynamic" policy which will guarantee the Community's place in world markets, Coceral, the EEC grain and animal feed trading committee, said yesterday.

Complaints from the committee, which is heavily influenced by French dealers, follow closely on reports of disappointing exports from France so far this season.

French exports of wheat and barley in the first half of the campaign amounted to little more than 30 per cent of the country's exportable surplus.

While shipments to Community countries have been running close to target, trade with non-member buyers has been particularly disappointing.

The EEC produced a record 116m tonnes of grains last year and has been disposing of the surplus by regular tenders at which would-be exporters are required to detail the subsidy they need. On the basis of these tenders the Commission sets a maximum rebate and refuses export licences to all tenderers seeking more.

Because guaranteed prices for grain in the Community are more than double those on world markets the export programme—which has been used as a substitute for intervention stockpiling of surpluses this year—is proving more expensive than expected.

Foot and mouth hits France

By Terry Dodsworth in Paris

VETERINARY officers in Normandy, one of France's richest stock-rearing provinces, are struggling to contain an outbreak of foot-and-mouth disease which has spread rapidly since the first case was noticed a week ago.

Despite the immediate slaughter of 100 bullocks and cows in the Calvados region, further outbreaks of the disease have now developed some 20 kilometres away.

A cordon sanitaire has been established around the affected area, and the authorities have closed all markets as well as imposing strict limits on movements in the region.

Latest unofficial estimates show about 1,000 animals have been slaughtered.

The cause of the outbreak is a rare strain of virus which may have originated in Africa.

Our commodities staff writes: Foot and mouth disease last appeared in Britain in 1967. In the outbreak which lasted for eight months 433,400 cattle, sheep and pigs were slaughtered.

Compensation paid to the 2,364 farms afflicted totalled £27m.

Potato Board may sell back surplus

THE POTATO Marketing Board may have to sell back onto the open market some of the "surplus" potatoes bought from farmers last year under its support buying schemes.

The board's latest estimate of the overall surplus from last year's crop has been revised downwards to 480,000 tonnes while its buying programmes last year took 497,000 tonnes off the market.

Of this quantity 375,000 tonnes have already been sold cheaply for animal feed, leaving 105,000 tonnes on the board's hands.

The board is now watching the market carefully and has plenty of potatoes on hand to avert any danger of a shortage towards the end of the season.

Demand for "old" potatoes may have been boosted by high prices for early varieties and expected delays with harvesting of home-grown crops of new potatoes.

U.S. FUTURES MARKETS

Battle for control

BY DAVID LASCELLES IN NEW YORK

REGULATION of the U.S. commodity futures markets has sprung to the headlines as a hot issue following news of scandals, actual or alleged, in three markets in recent weeks. It is unlikely to go away quickly.

An agricultural sub-committee of the House of Representatives began hearings yesterday on the recent March wheat contract affair on the Chicago Board of Trade. The Senate agricultural committee will shortly meet to appoint a new chairman to the Commodity Futures Trading Commission (CFTC), the watchdog of the markets whose actions have been the cause of much of the publicity.

Both hearings are expected to air the pros and cons of market regulation by a Government agency. Meanwhile, in Chicago, a court case is scheduled at which the limits of the CFTC's authority will be tested, which should shed light on what is still a legal grey area.

Recent events have an air of suddenness, but the market regulation issue has been brewing for some time.

Before the establishment of the CFTC in 1975, non-agricultural commodity markets regulated themselves — but inadequately in the view of Congress, which set up the agency to improve supervision. Although the markets resented this, many of them, including the largest, the Chicago Board of Trade, accepted the CFTC because some of the racier markets were giving commodities futures as a whole a bad name.

But Congress only gave the CFTC a three-year mandate, which meant that the agency spent most of its time fighting for its political life. In the opinion of many observers, it did not as a result do as good a job as it might have done, either in terms of restraining itself when intervention was not really warranted, or intervening when the situation demanded it.

Although the CFTC successfully brought charges against traders involved in the Maine potato default in 1976, it was generally reckoned to be unnecessarily obsessed with the problem of commodity options, viewed by many as a side issue in the U.S. giant and complex commodity markets.

Congress did, however, renew the CFTC's mandate for another four years last September in the belief that market supervision was necessary, particularly at a time when prices are volatile and inflation is a major national concern.

Since then, the CFTC has grown increasingly active, or so it appears, though the Commission itself maintains that the recent string of events is coincidental.

One of its major projects—investigation of the coffee markets—recently came to fruition with the lodging of charges in the 1977 coffee futures affair in which the CFTC suspected that Latin American producers were buying coffee to bolster the market.

The main charge is against Compania Salvadorena de Cafe of El Salvador which is accused of manipulation, aided and abetted by Petrobras Comercio International of Rio de Janeiro, Interbras Cayman, Acli International and its subsidiary Acli International Commodity Services, various of its officers, and Anderson Clayton Trading Company, along with its officers.

Also in recent weeks, trading had to be halted in certain Maine potato futures contracts because potatoes on offer failed inspection. Most recently, there was the Chicago wheat futures affair when the CFTC tried unsuccessfully to halt trading in the March contract where four speculators were alleged to have cornered 90 per cent of the "long" positions.

Most of these cases have raised the question of how far the CFTC's authority extends. In the coffee case, for instance, there is deep resentment in the markets at the CFTC's action. This is not only because markets by their nature dislike interference.

Why is the CFTC going after the brokers who handled the trades rather than the producer countries who ordered them, runs one argument. Why shouldn't coffee producers be allowed to boost the price of their main export as other countries support their currencies on the foreign exchange markets, runs another. Does the CFTC have jurisdiction over foreign brokers, questions a third.

Markets also argue that they are capable of regulating themselves and that the CFTC's interference when things go wrong only makes matters worse. This was the argument marshalled by the Chicago Board of Trade in the wheat affair.

Commodity dealers also point to the most recent Maine potato affair where it was the New York Mercantile Exchange and not the CFTC which called a halt to trading. However, that market still suffers from the shadow of the 1976 default which was in the end resolved by the CFTC.

For its part, the CFTC says it has a particular job of work to do, and that the exchanges themselves are not always the best judges of how difficult situations on their own trading floors should be handled. Strength was added to this argument when it transpired from the March wheat affair that the four speculators included the vice-chairman of the CBOT and a member of his firm.

But though the CFTC lost the wheat wrangle, it is appealing against the decisive Chicago court ruling that it "overreached itself" in declaring an emergency. The CTFC claims the right to determine, without challenge, what constitutes an emergency. It does not believe that it should have to justify each emergency declaration before the courts.

Should it win its case, the CTFC will emerge with greatly enhanced authority. If it loses, Congress may well have to decide on the basis of its hearings how strong a CFTC it wants to keep the markets in order. The attitude of the commitees most closely involved should become clear in the next few days.

Farmers count the cost of winter

BY CHRISTOPHER PARKES

FARMERS in Britain are suffering from the effects of one of thte longest and costliest winters for years, according to Mr. Tom Boden, deputy president of the National Farmers' Union.

Dead ewes are still being dug out of the snow, and lambs are dying in the cold, wet weather. The spring grass has still not started to grow, and livestock farmers are concerned that lack of hay and silage may force them to spend more on bought feeds.

The land over most of the country is still too wet and cold for much work to be done, and although most autumn-sown wheat appears to have come through the winter well, there are many "patchy" barley crops around the country.

"If a crop has to be re-drilled the time is passing fast and there is still no indication when conditions may improve," Mr. Boden said.

Newly-sown grassland has suffered in many areas, and much may have to be ploughed up.

While the land is so wet it is not possible to work with tractors, and although some growers and spreading fertiliser from the air, plane hire is too costly for most farmers.

Farmers who use heating in their enterprises, notably glasshouse horticultural producers, also face unusually heavy fuel and power bills.

"This is an ominous situation. Bank borrowing in our industry, which normally finances itself to a large extent, has rocketed," Mr. Boden said.

Mr. Boden added that the industry needed an "acceptable" boost from a devaluation of the Green Pound—the exchange rate used to translate into sterling EEC farm prices which are set in units of account.

The impending 5 per cent devaluation should be boosted to 15 per cent as soon as possible, he said.

EEC pays Thais to switch from tapioca

BANGKOK—Thailand is to receive an annual $5m subsidy from the EEC to help farmers to switch from tapioca.

He said a group of EEC officials would visit Thailand next month to work out a replacement programme with the Thai Government. Thailand last year exported 6.2m tonnes of tapioca products, around 70 per cent to the EEC.

Mr. Finn Olav Gundelach, EEC Agriculture Minister, said during his visit last week the EEC is willing to give Thailand both financial and technical assistance.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved erratically on the London Metal Exchange as forward metal initially tended between £1,045 and £1,052 before suddenly rising to ... on rumours, which remained unsubstantiated, of a strike at Noranda. The reaction to this rise the market fell to £1,045 before trade buying, ... to the partial settlement of the strike in Peru, caused a recovery. The Kerb started steadily. The close on the Kerb was £1,057. Turnover, 20,600 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,052, three months £1,060, ..., 60.5, 61, 62, 63, 62.5. Cathodes, cash £1,045, three months £1,056. Kerb: Wirebars, three months £1,062.5, 62.5, 62, 60, 61, 59, 58, 58.5. Afternoon: Wirebars, three months ..., 52, 51, 50, 49, 48, 48, 48, 47, ..., 48, 48.5, 49, 50, 51, 50, 49.5, 50, 51, 50, 49, 51, 50.5, 51, 51.5, 51. Kerb: Wirebars, three months £1,052, 53, 54, 54.5, 55, 56, 54, 53.5, 54, 55, 55.5, 55.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	1051.5-2	+6	1040.5-1	+4.75
3 months	1062-.5	+5.25	1050-1	+2.75
Settlem'nt	1052	+6	—	......
Cathodes				
Cash	1044-.5	+8	1055-6	+5
3 months	1055-6	+6.5	1043-5	+2.5
Settlem'nt	1044.5	+9	—	
U.S. Prod.	—	......	*95-103.25	......

TIN—Easier in a market, slightly more active than of late. Forward metal started at £7,270, following the overnight fall in the East, and slipped to £7,250 before fresh buying, influenced by the sudden rise in copper and the lower value of sterling and involving physical short covering against U.S. business, caused a rise to £7,300. In the afternoon the market drifted to a close on the Kerb of £7,280. Turnover, 400 tonnes.

Morning: Standard, three months £7,290, 7,300, 7,290, 7,295, 7,300. Kerb: Standard, three months £7,295. Afternoon: Standard, three months £7,285, 90, 85. Kerb: Standard, three months £7,290, 80.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7490-30	—65	7586-400	—67.5
3 months	7320-45	—17.5	7505-20	—12.5
Settlem't	7430	—70	—	......
Standard				
Cash	7390-400	—17.5	7355-65	—30
3 months	7295-300	—20	7280-5	—10
Settlem't	7400	—15	—	......
Straits. E.	†$1990	—24		......
New York	—	......		......

LEAD—Strong as the backwardation widened and the market consolidated recent gains. During the morning forward metal rose from £543-£545 to £553.5 with the emphasis on trade buying. In the afternoon, partly under the influence of copper, a slightly lower level obtained and after hovering around £550, the price closed on the Kerb at £549.5. Turnover, 10,250 tonnes.

Morning: Cash £589, 91, three months £552, 53, 52, 51, 51.5, 52, 53, 52.5, 53, 53.5. Kerb: Three months £553, 52, 51, 50. Afternoon: Three months £551, 50.5, 48, 49, 50, 51, 51.5, 51. Kerb: Three months £550, 51, 50, 49.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	591-2	+12	588-90	+16
3 months	553-.5	+10.5	551-.5	−12½
Sett'ment	592	+12	—	......
U.S. Spot	—	......	*44	......

ZINC—Firmer, helped by suggestions of Eastern bloc interest which caused forward metal to rise from £409 to £413 during the morning. But this level was not maintained later and during the afternoon the price moved between £409 and £412 before closing on the Kerb at £409. Turnover, 8,530 tonnes.

Morning: Three months £412, 13, 14, 15, 14, 13, 13.5, 13. Kerb: Three months £412. Afternoon: Three months £411, 10, 11, 11.5, 12, 12.5, 12. Kerb: Three months £412, 9, 8, 9, 8.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	405-.5	+7.75	402.5	+4.5
3 months	413-.5	+8.5	412-.5	+4.25
S'ment	405.5	+7	—	......
Prim.west	—	......	*37.5	......

ALUMINIUM—Higher again reflecting the tight physical market. Forward metal rose in the morning from £780 to £786 on outside inquiry and covering against physical business, before falling off to £781 on the fall in copper. But later there was a recovery and the price reached a day's high of £787 on the late Kerb. Turnover, 2,500 tonnes.

Morning: Three months £784, 85, 85.5, 86. Kerb: Three months £786. Afternoon: Three months £781, 84, 85.5, 85. Kerb: Three months £785.5, 86.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	795-7	+5.25	793-6	+4
3 months	78-6.7	+4	785-.5	+4.75

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 4.25p an ounce lower for spot delivery in the London bullion market yesterday at 371.90p. U.S. cent equivalents of the fixing levels were: Spot 763.9c, down 8.7c; three-month 780.0c, down 9.8c; six-month 796.8c, down 8.1c; and 12-month 822.6c, down 8.0c. The metal opened at 370-371½p (760-763c) and closed at 371¾-372¾p (762-764c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	371.9p	−4.25	372.45p	−0.45
3 months	381.5p	−4.45	381.9p	−0.4
6 months	389.8p	−4.35	—	......
12 months	404.5p	−4.55	—	......

LME—Turnover 372 (331) lots of 10,000 ozs. Morning: Three months 382.5, 82.3, 82.5, 82.7, 82.8, 82.7, 82.5, 82. Kerbs: Three months 382. Afternoon: Three months 381.8, 81.6, 1.5, 1.6, 1.7, 82, 81.9. Kerbs: Three months 382.2, 82.5, 82.7, 2.8, 2.7, 2.8.

COCOA

A quiet day with prices trading within a narrow range, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
March	1650.0-55.0	+12.5	—
May	1679.0-80.0	+8.0	—
July	1665.0-66.0	+4.0	—
Sept	1688.0-89.0	+5.75	—
Dec	1746.0-47.5	+1.25	—
March	1771.0-75.0	−0.5	—
May	1784.5-95.0	−2.25	—

Sales: 2,138 (3,248) lots of 15 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 27: 151.01 (151.50). Indicator prices for March 28: 15-day average 153.78 (154.10); 22-day average 155.77 (156.31).

COFFEE

ROBUSTA opened unchanged to slightly higher and although a minor retracement occured the market maintained the recent sturdy tone during the morning session, reports Drexel Burnham Lambert. The afternoon began rather quietly but business picked up substantially when trade buying sparked a sharp rally towards the close as trading sparked a sharp rally towards the close as trading became very erratic, leading eventually to a closure of the market before recommencing with a special call. Commission House buying in the more distant months contributed towards an irregular close as values finished the day 01—40 higher.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1450-1455	+2.0	1453-1450
May	1472-1475	+1.5	1475-1464
July	1503-1505	+18.5	1510-1489
September	1523-1524	+17.5	1535-1499
November	1543-1544	+50.0	1550-1508
January	1550-1557	+40.0	1560-1525
March	1540-1545	+54.5	1544-1504

Sales 7,089 (6,672) lots of 5 tonnes. ICO Indicator prices for March 27 (U.S. cents per pound): Colombian Mild Arabicas 136.50 (138.00); unwashed Arabicas 144.00 (same); Robustas ICA 1968 137.50 (same); Robustas ICA 1976 137.00 (same); other Mild Arabicas 132.83 (133.33). Composite daily average 131.99 (131.63).

RUBBER

SLIGHTLY EASIER opening on the London physical market. Fair interest throughout the day, closing uncertain. Lewis and Peat reported a Malaysian godown price of 264 (265) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
May	62.05-62.10	62.50-62.55	62.05-61.50
June	65.10-63.15	65.50-65.80	63.15
Jy-Sept.	64.70-64.75	65.50-65.60	65.00-64.00
Oct-Dec	66.65-66.70	67.45-67.60	67.50-66.40
Jan-Mar	68.45-68.50	69.45-69.50	69.40-68.40
Apr-Jne	70.55-70.40	71.50-71.55	70.80-70.50
Jy-Sept.	72.40-72.50	73.50-73.40	72.40
Oct-Dec	74.40-74.45	75.20-75.25	75.50-74.40
Jan-Mar	76.55-76.30	77.15-77.20	77.20-76.55

Sales: 26 (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 61p (same); May 62.5p (62.75); June 63.25p (63.5).

GRAINS

LONDON FUTURES (GAFTA) — The market opened unchanged but good pricing interest was noted and despite some profit-taking, values increased to close between 30-35 points higher. Some commercial selling on the close was absorbed. New crops advanced on weather and election considerations to close between 15-25 points higher despite hedge selling, reports Acli.

M'nth	WHEAT Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
May	99.65	+0.35	95.55	+0.30
Sept.	92.95	+0.25	86.75	+0.20
Nov.	96.05	+0.20	90.00	+0.25
Jan.	99.65	+0.20	93.55	+0.15

Business done—Wheat: May 99.65-99.30, Sept. 92.95-92.85, Nov. 96.05-95.95, Jan. 99.65-99.55. Sales: 148. Barley: May 95.60-95.25, Sept. 86.75-86.75, Nov. 90.00-89.85, Jan. 93.55-93.50. Sales: 115.

HGCA—Location ex-farm spot prices. Feed wheat: Essex 95.00. Feed barley: Shropshire 93.50, Essex 91.00.

The UK monetary coefficient for the week April 2 (based on HGCA calculations) is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent, April-May 83.50, May 82.75, June 81.50 transhipment East Coast. U.S. Hard Winter 13½ per cent, March 89.75 transhipment East Coast. EEC unquoted. Maize: U.S./French April 110.00, May 111.00 transhipment East Coast. South African White unquoted. South African Yellow, May 74.00 UK. Barley: English feed fob April 97.50, April-June 99.50 East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for March 29, in order of current levy, plus April, May and June premiums (with previous in brackets) all in units of account per tonne. Common wheat: 85.52, nil, nil, 4.11 (85.52, nil, nil, 3.96). Durum wheat: 130.81, nil, nil, 1.22 (130.81, nil, nil, 1.22). Rye: 87.88, nil, nil, 0.30 (87.88, nil, nil, 0.30). Barley: 90.58, 0.18, 0.18, 0.18 (90.58, 0.18, 0.18, 0.18). Oats: 86.91, nils (86.91, nil). Maize (other than hybrid for seeding): 77.30, 0.91, 0.91, 0.91 (77.30, 1.14, 1.14, 1.44). Buckwheat: 4.72, nils (4.72, nils). Millet: 80.42, nils (80.42, nils). Grain sorghum: 86.50, nils (85.56, nils). Flour levies: Wheat or mixed wheat and rye flour: 131.51 (131.51). Rye flour: 134.52 (134.52).

SOYABEAN MEAL

The London market opened around unchanged and stayed in a narrow trading range, reports T. G. Roddick. Prices closed near highs, influenced by steady cash markets in Europe.

	Yesterday Close	+ or −	Business Done
	£ per tonne		
April	127.10-28.5	+0.05	127.10-126.50
June	129.30-29.7	+0.05	129.50-128.50
August	151.10-31.6	+0.45	151.50-151.06
October	129.70-30.5	+0.1	—
December	127.50-28.0	+0.5	—
February	127.50-28.5	+0.55	—
April	128.00-31.0	......	—

Sales: 81 (128) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (same) a tonne cif for March-April shipment. White sugar daily price was fixed at £104.00 (same).

Price were slightly easier at the opening, but the market rallied some 50 points later following news that India had declined all bids, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	108.55-08.70	107.80-07.85	108.50-07.60
Aug.	112.45-12.50	111.60-11.70	112.45-11.50
Oct.	115.35-15.40	114.85-14.70	115.40-14.50
Dec	117.95-18.00	117.45-17.55	117.90-17.25
March	122.20-22.40	121.85-21.90	122.15-21.50
May	124.55-24.40	124.00-24.05	124.55-25.70
Aug.	126.90-27.10	126.75-26.88	127.10-27.00

Sales: 1,108 (2,100) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £171.00 (£171.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for March 27: Daily 8.43 (8.62); 15-day average 8.48 (same).

WHITE SUGAR — Close (in order buyer, seller, business, sales). July 108.00, 108.50, 108.20-108.00, 51; Sept. 113.50, 113.6, 113.50-113.40, 37; Nov. 117.40, 117.45, 117.40-117.20, 45; Feb. 125.00, 125.20, 125.10-125.00, 45; April 129.25, 129.75, nil, nil; July 132.00, 134.00, nil, nil; Sept. 136.00, 138.00, nil, nil. Sales: 78.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales) Micron Contract: May 413.0, 414.0, 414.0-407.0, 45; July 420.0, 424.0, 417.5-416.0, 39; Oct. 413.0, 414.0, 414.0-411.0, 45; Dec. 411.5, 412.0, 412.5-409.0, 63; March 413.0, 414.0, 414.0-411.0, 42; May 416.0, 417.0, 416.0-414.0, 16; July 418.0, 419.0, 418.0-416.0, 15. Sales: 265.

LONDON GREASY—Close (in order buyer, seller). March 237.0, 243.0; May 243.0, 247.0; July 247.0, 253.0; Oct., Dec., March, May, July 250.0-255.0. Sales: nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 197.0, 204.0; May 198.0, 202.0; July 202.0, 206.0; Oct. 205.0, 207.0; Dec. 207.0, 211.0; March, May, July 207.0-213.0. Sales: nil.

★

GRIMSBY FISH—Supply moderate, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.80, codlings £2.40-£3.80; large haddock £3.80-£4.10, medium £3.10-£3.70, small £2.20-3.20; large plaice 4.00-£4.40, medium £3.50-£3.80, best small 3.40-£3.80; medium skinned dogfish £11.00; large lemon soles £8.50, medium £7.50; saithe £2.50-£3.20.

★

HIDES—Leeds, considerably weaker. Second clear ox 31-35.5 kilos, 103p a kilo (105.4); 26-30.5 kilos, withdrawn 110.5p (withdrawn 116.5p); 22-25.5 kilos, withdrawn 120.5 (withdrawn 130.5p). Light cows withdrawn 116p (withdrawn 126p).

★

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 152 tonnes, bringing the total for the week so far to 569 tonnes. In view of the uncertain political outlook, traders were not prepared to put down large contracts, but occasional attention was directed towards certain specialist qualities in the American-type range.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 53.0 to 58.0, Ulster hindquarters 66.0 to 69.0, forequarters 34.0 to 39.0, Eire hindquarters 67.0 to 69.0, forequarters 34.0 to 37.0.

Veal: English Fats 60.0 to 74.0.

Lamb: English Small 60.0 to 70.0, medium 60.0 to 68.0, heavy 56.0 to 65.0, Scotch heavy 54.0 to 65.0. Imported Frozen, N.Z. PL New Season 48.0 to 49.0, PM 47.5 to 48.0.

Pork: English, under 100 lbs 36.0 to 45.0, 100-120 lbs 35.5 to 44.0, 120-160 lbs 34.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 28. GB—Cattle 71.33p per kg lw (−1.03). UK—Sheep 169.5p per kg est dcw (+11.1). GB—Pigs 58.9p per kg lw (−1.1). England and Wales—Cattle numbers down 2.0 per cent, average price 73.20p (+0.05). Sheep numbers down 7.1 per cent, average price 169.3p (+11.2). Pig numbers down 7.0 per cent, average price 58.9p (−1.1). Scotland—Cattle numbers up 20.8 per cent, average price 66.58p (−3.31). Sheep numbers down 60.0 per cent, average price 179.6p (+14.3). Pig numbers down 33.3 per cent, average price 65.5p (+6.4).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 3.20-3.60, Bloods 3.00-3.40; Israeli: Shamouti 4.40-5.40; Cyprus: 3.30-4.20; Moroccan: Valencia Lates 3.80-4.00. Ortaniques—Jamaican: 46/126 6.50-8.50. Lemons—Italian: 120s 5.00; Cyprus: Trays 3.40-4.30, cartons 126/180s 4.00-6.00; Spania: Trays 30/40/45 2.20-2.40. Grapefruit—Cyprus: 2.50-4.20; Israeli: Jaffa 27/88 3.45-4.25. Apples—South African: Dunn's 6.50-7.00, Golden Delicious 7.50-8.00; French: Golden Delicious (40 lb) 138/175s 3.30-4.50, (20 lb) 72s 2.10-2.20, 84s 1.80-1.90, Granny Smith (40 lb) 138/163 4.50-5.00, (20 lb) 72s 2.80, 84s 2.40, (jumble pack) per pound 0.08-0.10, Stark Crimson (40 lb) 138/198s 4.00-5.60, (20 lb) 84s 1.80-2.20, 72s 2.40-2.50, (jumble pack) per pound 0.08-0.09, Starking Delicious (40 lb) 150/175s 3.60-5.00; Hungarian: Starking Delicious 40 lb 4.80; Italian: Granny Smith per pound 0.11-0.12. Pears—Per pound, Italian: Williams Bon Chretien 0.60, Beurre Hardy 0.10-0.20. Plums—South African. Per pound Kelsey/Sungold 0.50-0.55, Passecrassane 0.13.

English Produce: Potatoes—Per 25 kg 1.70-2.20. Lettuce—Per 12 round 2.00-2.20. Mushrooms—Per pound 0.40-0.50. Apples—Per pound, Bramley 0.05-0.11, Cox's Orange Pippin 0.08-0.17, Spartan 0.06-0.10, Laxtons 0.05-0.06. Pears—Per pound, Conference 0.11-0.15. Beetroot—Per 28 lb 0.80. Carrots—Per 28 lb 1.00-1.30. Onions—Per 28 lb 1.80-2.50. Rhubarb—Per pound 0.20-0.22. Swedes—Per 28 lb 1.00-1.10. Turnips—Per 28 lb 1.00-1.10. Parsnips—Per 28 lb 1.00-1.20. Sprouts—Per pound 0.18-0.20. Cucumbers—Tray 12/18s 3.00-3.40. Tomatoes—Per pound 0.45-0.48.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 28 1979	+ or −	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cif)	$1,600/20	+10.0	$1,475/95
Copper			
Cash w'bar	£1040.75	+4.75	£1,010
3 mth	£1050.5	+2.25	£1,026.75
Cash Cathode	£1034	+5.0	£1,002
3 mth	£1044	+2.5	£1,018.75
Gold troy oz.	$244.825	+1.0	$251.625
Lead cash	£589	+16.0	£549
3 mth	£551.25	+12.75	£513.25
Nickel	£2523.14	......	£2,520.83
Freemkt(cif)(lb)	$45/80c	+1.0	$202/15
Platin'm tr'y oz	£164.5	......	£164.5
Free mkt	£198.40	+1.20	£205.0
Quicksilver	$255/65	......	$228/38
Silver troy oz	371.9p	−4.25	380p
3 months	381.5p	−4.45	390.5p
Tin cash	£7,360	−20.0	£7,280
3 mths	£7282.5	−10.0	£7,215
Tungsten	$137.51	......	$127.94
Wolfrm 22.04 cif	$134/39	−1.0	$139/46
Zinc cash	£402.5	+4.5	£395.5
3 months	£412.5	+4.25	£409.25
Producers	$800	......	$800
Oils			
Coconut (Phil)	$1,010r	−5.0	$995
Groundnut	‡		‡
Linseed Crude	£441r	......	£405
Palm Malayan	$674r	−5.0	$702
Seeds			
Copra Philip	$690s	......	$680
Soyabean (U.S.)	$319.15r	−2.35	$312.5
Grains			
Barley Futures	£86.75	+0.20	£95.5
Maize			
French No 3 Am	£110w	......	£109.5
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£89.75	......	£88
Eng. Milling †	£103r	......	£98.5
Other commodities			
Cocoa ship't	£1,715	+8.0	£1,827
Future May	£1,679.5	+8.0	£1,794.5
CoffeeF't'rMay	£1,472.5	+1.5	£1,352
Cotton A'index	73.55c	−0.7	77.05c
Rubber kilo	61p	......	61.25p
Sugar (Raw)	£103	......	£104
Wooltp's 64s kl	286p	......	284p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, March 27.

Cocoa—May 147.30 (143.75), July 149.25 (146.75), Sept. 150.50, Dec. 153.90, March 156.40, May 157.90, July 159.20. Sales: 724.

Coffee—"C" Contract: May 135.50-135.85 (138.48), July 139.00-139.10 (140.23), Sept. 141.50, Dec. 141.40-141.50, March 140.25-140.75, May 141.00-141.25, July nil. Sales: 1,236.

Copper—March 94.35 (96.20), April 94.55 (96.50), May 95.25, July 95.70, Sept. 95.70, Dec. 95.80, Jan. 95.85, March 95.80, May 95.80, July 95.85, Sept. 95.85, Dec. 95.80, Jan. 95.80.

Cotton—No. 2: May 59.20-58.40

This edition went to press before the latest U.S. commodity prices were available.

(60.47), July 61.35-61.50 (62.57), Oct. 63.20-63.30, Dec. 63.32-63.40, Mar. 64.70, May 65.60-65.80, July 67.6 bid. Sales: 9,750.

*Gold—March 242.80 (246.00), April 242.80 (246.20), May 245.20, June 247.60, Aug. 252.00, Oct. 256.50, Dec. 261.00, Feb. 265.50, April 270.00, June 274.50, Aug. 279.10, Oct. 283.70, Dec. 288.30.

*Platinum — April 399.50-399.90 (407.00), May 399.90-400.10 (407.10), June 400.10-400.30, July 399.50-399.80, Oct. 400.20-400.50, Jan. 402.50-402.70, Apr. 404.00-404.20, July 405.60-405.80, Oct. 407.60-407.80.

Potatoes (round whites)—Nov. 60.5-60.7 (60.6), Mar. 67.5-68.7 (67.5), Apr. unquoted, May. 81.5. Sales: 10.

¶Silver—March 761.40 (776.00), Apr. 761.40 (776.50), May 767.40, July 777.10, Sept. 786.70, Dec. 801.00, Jan. 805.60, Mar. 815.10, May 824.60, July 834.20, Sept. 843.80, Dec. 858.50, Jan. 863.30. Tandy and Harman spot 762.50 (774.00).

Sugar—No. 11: May 8.57 (8.63), July 8.87 (8.95), Sept. 9.09, Oct. 9.22, Jan. 9.46, Mar. 9.85, May 10.03, July 10.21.

CHICAGO, March 27.

Lard—Chicago loose 29.00 (28.50). New York prime steam 30.50 traded (30.00 traded).

‡‡Maize—May 249-248¾ (249¾), July 251¾-252 (252¼), Sept. 254¾, Dec. 259½-260¼, March 268½, May 274¾.

Plywood—May 200.8 (205.6), July 201.0 (206.0), Sept. 200.3-200.5, Nov. 200.0, Jan. 200.8, March 202.5, May 203.5 bid.

Silver—March 763.5-764.0 (775.7), April 769.5-780.0 (776.5), May 766.0, June 772.5, Aug. 782.5, Oct. 792.0, Dec. 803.0, Feb. 812.5, April 822.0, June 831.5, Aug. 841.0, Oct. 851.0, Dec. 861.0, Feb. 871.0, April 881.0, June 891.5, Aug. 902.0, Oct. 912.5.

Shell Eggs—April 53.35 bid (53.60), May 51.90 (52.50), June nil, Sept. 59.55, Nov. nil, Dec. 63.50 asked. Sales: 76.

‡Soyabeans—May 776-775½ (782¾), July 783-784 (790), Aug. 775½-776, Sept. 736½, Nov. 714½, Jan. 723, March 732½, May 739½.

‖Soyabean Meal—May 203.80-203.50 (206.40), July 206.80-206.80 (208.10), Aug. 206.80, Sept. 202.50-202.60, Oct. 197.50, Dec. 196.80-196.50, Jan. 197.00, March 198.50-199.00.

Soyabean Oil — May 27.90 (28.23), July 27.90-28.00 (28.25), Aug. 27.80, Sept. 27.00, Oct. 26.05, Dec. 25.53-25.55, Jan. 25.40, March 25.30, May 25.20, July 25.10.

‡Wheat—May 347½-347¾ (346¾), July 328½-329 (327), Sept. 331-330¾, Dec. 340½-340¾, March 347½ nom.

WINNIPEG, March 27. §Rye—May $109.30 bid (108.40 bid), July 106.00 bid (105.00 bid), Oct. 106.90 bid, Dec. 105.50 bid.

§Barley—March 82.30 bid (82.90), May 82.20 asked-82.30 (82.50), July 81.90 asked-82.00, Oct. 83.40, Dec. 83.10 bid.

§Oats—March 81.70 bid (83.00), May 80.40 bid (81.50), July 79.30 bid, Oct. 82.20 asked, Dec. 81.80 asked.

§Flaxseed—May 347.00 bid (349.30 asked), July 337.20 asked (340.00 asked), Oct. 328.00 asked, Nov. 319.40 bid, Dec. 314.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 188.01 (185.71).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

ROTTERDAM, March 27.

U.S. No. 2 Dark Hard Winter, 13.5 per cent, spot $170. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat June 150, July 145.50, Aug. 146.50, Sept 147.50. U.S. No. 2 Northern Spring wheat, 14 per cent, April/mid-May $154.50, May $152.50, June $150, July $148.75.

Maize—U.S. No. 3 Corn Yellow Afl. $126.50, March $126.75, April $125, June $124, July-Sept. $123.50, Oct.-Dec. $124.50, Jan.-March $130.50.

Rye—U.S. No. 2 Canadian Western unquoted.

Oats—U.S./Plate Afl. $99. Rest unquoted.

Sorghum—Argentine/U.S. Spot $120, Afl. $108, April $108, May $108, June $108.

PARIS, March 27.

Cocoa (FFr per 100 kilos)—March 1400 asked, May 1436-1439, July 1435 bid, Sept. 1465-1470, Dec. 1480-1490, March 1490-1500. Sales at call, nil. Accumulative total 61.

Sugar (FFr per 100 kilos)—May 910-915, July 930-935, Aug. 949-950, Oct. 990-992, Nov. unquoted, Dec. 1018-1025, March 1058-1070, May 1078-1090. Sales at call 3.

INDICES

FINANCIAL TIMES

Mar. 27	Mar. 26	M'nth ago	Year ago
274.26	274.55	267.55	238.15

(Base: July 1, 1952=100)

MOODY'S

Mar. 27	Mar. 26	M'nth ago	Year ago
—	1065.2	1053.2	905.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 27	Mar. 26	Month ago	Year ago
Spot	379.91	380.31	384.82	357.63
F'tur's	386.73	387.67	368.95	383.26

(Average 1924-25-26=100)

REUTERS

Mar. 28	Mar. 27	M'nth ago	Year ago
1574.9	1571.6	1551.3	1428.7

(Base: September 18, 1931=100)

INSURANCE BASE RATES

† Property Growth	12%
† Vanbrugh Guaranteed	10.75%

† Address shown under Insurance and Property Bond Table.

Eleventh-hour censure nervousness causes markets to lose impetus in busiest session for two years

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18
Apr. 9	Apr. 19	Apr. 20	May 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets yesterday experienced their busiest trade for two years, as measured by official markings of 9,554, with *institutional* and public investors continuing to concentrate on the possibility of a change of Government within the next couple of months.

Renewed strength in Gilt-*edged, where quotations once* again responded to all-round demand and the effects of stock shortage, gave the industrial sections a further early boost. The FT 30-share index was over five points up fairly quickly and by *noon was less than that amount* away from its all-time peak attained in September, 1977.

Eleventh-hour nervousness set in regarding last night's no-confidence vote but had little impact on sentiment until the funds began to react. As the pace of the downturn here gathered pace, so profit-taking started to develop among leading equities although many secondary stocks remained *at, or near, the best of the day.*

Most first-line issues, including many index constituents, settled slightly lower on balance. Engineering leaders such as GKN and Tube Investments were especially dull but, in marked contrast, British Petroleum went from strength to strength to close 26 higher at a fresh peak of 144p. The index closed a net 0.9 lower at 538.3, representing a turnround of 6.1 index points *from the noon calculation.*

Within the first hour of business, long Gilts were 1½ points up but gradually reverted to overnight list levels before hardening again late to end a net ¼ better; the recently issued Exchequer 13¼ per cent 1999 (£40-paid) improved ¼ to £44¼ for a premium of £4¼ on the tender price. Shorter maturities also settled with marginal improvements after a good trade.

Revived fears that a Tory administration may introduce legislation aimed at the relaxation, or even abolition, of exchange controls hit the investment currency market in the early afternoon. Business became heavy and rates, which had earlier rallied to around 63¾ per cent, fell sharply and the premium closed a net 5¼ points down at 56¼ per cent. Yesterday's SE conversion factor was 0.8006 (0.7734).

FT-Actuaries Indices

The input of a wrong price for Rio Tinto-Zinc last Monday led to incorrect figures being shown for that day's Mining Finance and All-share indices. The corrected figures are in today's display.

Discounts advance

Reflecting the continuing buoyancy of the gilt-edged market, Discount Houses made further good progress. Allen Harvey and Ross jumped 25 to 385p and Union rose 15 to 380p, after 385p, while Alexanders, 275p, and Smith St. Aubyn, 102p, *added 12 and 10 respectively.* King and Shaxson improved 7 to 77p and Jessel Toynbee put on 6 to 80p. Hire Purchase gained ground on hopes of an imminent fall in interest rates. Hambros added 7 to 250p among merchant banks. Foreign issues took a turn for the worse following a late collapse in the investment currency premium. ANZ ended 15 lower at 280p and Hong Kong and Shanghai dipped 6 to *161p, after 170p. Home banks* drifted lower from a firm start to close with small losses.

Life issues claimed most of the attention in Insurances following favourable trading statements from Prudential and Legal and General; the former touched 189p before closing 9 up at 187p on the better-than-expected figures, while the latter ended 4 dearer at 190p, after 197p, after the results and proposed reorganisation. Hambro Life jumped 17 to 490p in sympathy.

Breweries again saw an active trade with the leaders closing around the day's best. Bass were firm, adding 4 to 207p, while Guinness put on 3 to 187p. Among secondary issues, country buying in a restricted market lifted Morland 14 to 121p.

A useful business ensured in Buildings. Firmer initially, leading issues subsequently encountered scattered offerings and final quotations were some way below the day's best. Fresh demand was forthcoming for Blue Circle which touched 342p before settling at the overnight level of 338p, while Redland progressed to 203p before a bout of scrappy selling left the price unchanged at 200p. Contracting and Construction usually closed with moderate gains, SGB added 7 to 240p and Taylor Woodrow 6 to 402p, but recently buoyant Brown and Jackson slipped 5 to 445p. Elsewhere, *annual profits* in line with amrket estimates lifted Manders 4 to 144p, while news also prompted firmness in Feb International issues, the Ordinary and A both improving 4 to 38p and 37p respectively.

A penny easier initially on Press suggestions of a rights issue, ICI subsequently progressed to 406p before settling at 405p for a net gain of 3. Fisons attracted a good trade and finished 6 to the good at 327p, after 332p. Dull of late on the annual profits setback, Yorkshire Chemical rallied 8 to 84p, while news that London Trust now holds a 9.68 per cent stake in the company left British Tar 1½ firmer at 57½p.

Burton up again

buying on a combination of enfranchisement and bid hopes helped Burton issues feature a *firm Stores sector once more as* the Ordinary gained 12 to 325p, the A added 8 to 296p and the Warrants 6 to 145p. Gussies A put on 6 to 414p and Marks and Spencer firmed 2 to 112p, after 113p. Elsewhere, jewellery concerns came in for some considerable support ahead of next Tuesday's Budget. Ernest Jones added 14 further to 244p and H. Samuel A 10 to 233p, James Walker 7 to 138p and Ratners 4 *to 81p. Press mention ahead of* Monday's preliminary results helped Freemans gain 8 to 180p, while A. G. Stanley improved 4 to 250p in response to the good annual results. Courts A, 143p, and Harris Queensway, 260p, rose 9 and 8 respectively, while Hardy (Furnishers) A gained 4 to 55p.

United Scientific fell sharply in the late dealings to 262p, down 32, on the statement that the company had been informed by the *Ministry of Defence* that current contracts with Iran for the Chieftan tank are being terminated forthwith. Elsewhere in the Electrical sector, Farnell contrasted with a gain of 23 to 528p following demand in a restricted market. Other noteworthy movements included Electronic Rentals which pushed ahead to close 9 dearer at 225p and MK Electric, up 10 at 252p, the latter in response to Press mention.

The Engineering leaders failed to participate in the early improvement, prices being dull throughout the session. Nervous selling ahead of next week's preliminary results left GKN 10 cheaper at 276p, while scattered offerings were reflected in respective falls of 8 and 6 in John Brown, 553p, and Tubes, 408p. Elsewhere, favourable Press mention prompted a gain of 6 to 266p in Bullough. Satisfactory trading statements left Rotork 5 higher at 63p and R. Cartwright *2 better at 38p.* Era Industries were supported at 94p, up 6, but Alcan Aluminium came on offer following the annual meeting and gave up 10 to 188p.

In Supermarkets, a relatively small interest lifted Tesco 1½ for a two-day gain of 4 to 71p. In a thin market, Hillards advanced 7 to 282p. Carr's Milling attracted persistent speculative support and rose 13 for a three-day gain of 25 to 123p, but late selling left *Associated Fisheries* 3 down at 36p. Still reflecting the poor interim results, Bluebird Confectionery shed 4 for a two-day fall of 16 to 79p.

In Hotels and Caterers, late *selling left Ladbroke 8 cheaper* at 216p. Speculative demand lifted Savoy A 5 to 98p and M. F. North 2 to 40p.

Secondary issues provided the major features in the miscellaneous Industrial sector. Sharna Ware stood out with a rise of 18 to 145p in response to the better-than-expected results, while Stag Furniture also drew strength from good annual figures and closed 8 up at 195p. News of the group's expansion plans for its Servis subsidiary helped Wilkins and Mitchell advance 6 to 44p, while buying ahead of forthcoming figures left Booker McConnell 8 better at 293p. North Sea oil orientated stocks attracted good support. LC. Gas closed 20 higher at 460p, Cawoods 13 dearer at 193p and National Carbonising 4½ up at 50p. Demand ahead of the results on April 11 left Kalamazoo up 7 at 62p and a similar rise was seen in Stocklake at 82p. Late details of the acquisition of Royds Advertising had no effect on Extel, which held at the slightly firmer level of 152p. A dull market of late following major discrepancies at its Greenbat subsidiary, Fairbairn Lawson remained under a cloud at 37p, down 3. Although attracting a little late profit-taking ahead of the no-confidence vote, miscellaneous Industrial leaders closed with further gains ranging to 8. Beecham added that much to 733p, after 736p, while Glaxo improved 5 to 600p, after 605p.

Support was again evident for Motor Distributors, Henlys advancing 8 to 133p, Harrison 6 to 127p, and Lex Service 3½ to 97½p. Second thoughts over Appleyard's figures announced on Tuesday lifted the shares 5 to 100p. Ford dealers Hanger Investments moved ahead 8½ to a 1978-79 high of 64p on the near-doubled annual profits. York Trailer reported an expected sharp drop in taxable profits and closed a penny better at 52p. Nervous selling in front of today's interim statement clipped 4 from Lucas at 298p. Zenith continued depressed on the poor results, easing 3 for a two-day fall of 12 at 77p.

Newspaper leaders ended marginally better. United firmed 12 to 378p for a two-day gain of 30 on the preliminary results. Home Counties rose 5 to 90p following a near-40 per cent jump in profits, and BPM A added 8 to 92p awaiting the interim results.

The possibility of an early cut in minimum lending rate encouraged fresh demand for Properties. Gains among the leaders ranged to 4p while, in secondary issues, a speculative flurry took County and District up 19 to 194p and demand of a similar nature lifted United Kingdom 2½ to 33½p. Slough Estates firmed 4 to 161p in response to the satisfactory annual profits and the proposed 50 per cent scrip issue, while the sharp increase in interim profits lifted Samuel 8 to 129p. M. P. Kent added 4 for a two-day gain of 9 to 65p and Apex firmed 7 to 114p.

Oils strong again

The prospect of a 16 per cent rise in North Sea oil prices made for another show of strength in the Oil Sector. Trading conditions throughout the sector were extremely active and the final tone was fully firm. British Petroleum led the way with a further rise of 26 to 1144p, while Shell ended 11 to the good at 747p, after 750p.

Trusts made a firm all-round showing with some particularly good gains recorded in Capital issues, New Throgmorton rising 16 to 206p and Derby Trust 8 to 176p.

A high level of interest was again apparent in the Textile sector although notable gains were usually confined to those reporting trading statements. A. Beckman ran up to 90p on Press comment and the expected interim profits rise, before settling for a net rise of 2 at 87p.

Late falls in Mines

After remaining quietly firm for most of the day overseas registered mining issues fell away sharply in the wake of the investment currency premium.

South African Golds, in sterling terms, had previously edged higher, but the fall in the premium quickly saw prices marked down and the Gold Mines index registered a 2.8 loss at 156.9. The ex-premium index, however, improved 2.1 to 125.6.

Until the premium fell away Golds had attracted a fair overseas and local demand in front of and following the South African budget with its proposed reductions in mining company taxation.

Among heavyweights losses ranged up to ¼ as in West Driefontein, £21½ after £22, while mediums showed Western Deep finally 38 lower on balance at 742p.

London Financials were the only section in mining markets to show improvements, but they, too, eased towards the close. Selection Trust put on 4 to a 1978-79 high of 568p.

Earlier gains in Australians reflected the better performance of overnight domestic markets. The drop in the premium, however, erased these gains with MIM Holdings finally 2 off at 227p, after 231p, and Western Mining 4 cheaper at 166p, after 172p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	1050	100	79	174	—	186	—	1140p
BP	1100	58	49	136	7	140	1	"
BP	[illegible]	27	17	86	20	98	5	"
Com. Union	160	17	16	27	15	28	—	176p
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			369		251		20	

FINANCIAL TIMES STOCK INDICES

	March 28	March 27	March 26	March 23	March 22	March 21	A year ago
Government Secs.	74.30	74.15	73.03	73.05	72.29	72.54	74.44
Fixed Interest	75.22	74.41	73.56	73.75	73.24	73.35	77.90
Industrial	538.3	539.2	530.3	534.6	514.6	518.8	463.1
Gold Mines	156.9	159.7	161.1	161.7	159.1	156.6	160.4
Gold Mines(Ex-$ pm)	125.6	123.5	122.2	122.9	125.3	120.9	108.1
Ord. Div. Yield	5.30	5.30	5.40	5.36	5.55	5.49	5.77
Earnings, Y'ld % (full)	14.09	14.11	14.33	14.20	14.74	14.57	17.06
P/E Ratio (net) (*)	9.04	9.08	8.90	8.97	8.65	8.74	8.56
Dealings marked	9,554	7,834	8,079	6,658	7,344	6,004	6,061
Equity turnover £m.	—	167.34	140.14	229.85	155.78	120.06	79.85
Equity bargains total	—	36,256	32,039	33,500	27,864	23,587	19,907

10 am 540.8. 11 am 544.2. Noon 544.4. 1 pm 541.7.
2 pm 540.4. 3 pm 539.5.
Latest Index 01-246 8026.
* Nil=8.70.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	539.2 (27/3/79)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (28/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.5 (14/8/78)	90.3 (15/4/78)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	March 28	March 27
—Daily		
Gilt Edged	146.0	94.3
Industrials	330.2	302.9
Speculative	42.2	45.0
Totals	217.5	178.3
5-d'y Av'r'ge		
Gilt Edged	119.9	115.2
Industrials	306.0	276.9
Speculative	43.2	41.6
Totals	179.7	165.6

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (406)
BRITISH FUNDS (11)
FOREIGN BONDS (1)
AMERICANS (1)
CANADIANS (1)
[illegible]

NEW LOWS (10)
AMERICANS (1)
CBS Inc.
BANKS (1)
Bank Leumi (U.K.)
ELECTRICALS (1)
Motorola
INDUSTRIALS (4)
Baxter Travenol, Fairbairn Lawson, Borg-Warner, Trans. Union
[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial & Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

APPOINTMENTS

Lord Charteris joins RTZ

Lord Charteris has been appointed a director of the RIO TINTO-ZINC CORPORATION. Lord Charteris was Private Secretary to the Queen and Keeper of HM's Archives from 1972-77.

★

The Secretary for Energy has officially re-appointed Sir Derek Ezra as chairman of the NATIONAL COAL BOARD for a further three years, beginning *July 3, 1979. Acceptance by Sir* Derek of the offer to continue in that post was reported yesterday. Mr. Kenneth Toon is to become a full-time member of the NCB for five years and he will succeed Mr. Cliff Shepjhard, the Board member responsible for industrial relations, who retires on July 6.

★

Mr. M. F. Cook has become group secretary of HANGER *INVESTMENTS. He* was formerly financial director and company secretary of Nashua Copycat.

★

Mr. J. W. E. Pennington has been appointed marketing director of JOHNSON MATTHEY CHEMICALS from April 1. He was previously manager, Jewellery and Allied Trades Sales and Marketing Division, Johnson Matthey Metals.

★

Three board members have been appointed by CAPTAIN O. M. WATTS LTD.: They are Mr. Bernard Ford (retailing), Mr. Christopher Hornidge (technical and buying) and Mrs. Shirley Bishop (marketing).

★

Mr. R. G. Widman has been elected to the Board of DAVY CORPORATION and has retired as president, chairman, and *director of its subsidiary*, McKee Corporation. Succeeding Mr. Widman as president of McKee is Mr. W. F. Richards, executive vice president-operations. Elected chairman of McKee is Mr. R. J. Withers, managing director of Davy Corporation.

★

Mr. Jeremy Lancaster has been appointed a regional director, from April 1, of the Birmingham and West Midlands regional Board of LLOYDS BANK, which sits under the chairmanship of Sir Daniel Pettit at Birmingham. Mr. Lancaster is chairman and managing director of Wolseley Hughes, chairman of Tomkins Carpets and a director of Rotork.

★

Sir Robert Booth has been appointed a member of the Midlands Advisory Board of the LEGAL AND GENERAL ASSURANCE SOCIETY, from April 1.

★

Mr. P. J. R. Carter has been appointed an executive director of CHARTERHOUSE JAPHET (MIDLANDS), the Birmingham subsidiary of Charterhouse Japhet.

★

The following changes have been made in EMI MUSIC—North American operations: Mr. Don Zimmermann has become president of the newly-formed Capitol/EMI America/United Artists Records Group reporting directly to Mr. Bhaskar Menon, chairman and chief executive, EMI Music—World-wide operations. Mr. Zimmermann also remains president of the Record Music Division of Capitol Records, Inc., and succeeds Mr. Menon as chairman of EMI America Records Inc., Liberty/United Records, Inc., and Capitol Records—EMI of Canada. Mr. James Mazza has been appointed president of the newly consolidated joint activity, EMI America/United Artists Records and will report to Mr. Zimmermann.

★

Mr. J. M. Durber, who was appointed a HAWKER SIDDELEY GROUP director last year, has been made chairman of Brush Electrical Engineering Company, High Duty Alloy Forgings, and High Duty Alloys Forgings, and Durber takes the place on these boards of Sir John Lidbury, the group vice-chairman and deputy managing director. Mr. Durber also becomes chairman of Opperman Gears. He replaces Mr. J. C. Mansfield, who is chairman of Brook Crompton Parkinson Motors. Mr. D. Lawson, assistant managing director of Kelvin Construction Company, has been appointed managing director of that concern from April 1. He succeeds Mr. J. Beck, at present deputy chairman and managing director, who is retiring at the end of this month. The companies are all members of the Hawker Siddeley Group.

★

Mr. Hugo Herbert-Jones has been appointed overseas director of the CONFEDERATION OF BRITISH INDUSTRY. He joins the CBI on May 1 from the Foreign and Commonwealth Office where for the past three years he has been dealing with political and defence matters concerning Europe and the U.S. Mr. Herbert-Jones succeeds Mr. Kit Cope, who has been made chairman of Selection Boards in the CBI, having *completed* 10 years as overseas director.

★

At the invitation of Mr. J. D. Concannon, Minister of State, Northern Ireland, Mr. James Sim has joined the board of SHORTS BROTHERS as a non-executive director. Mr. Sim was one of the provinces most prominent bankers until his retirement last year.

★

Mr. L. T. G. Preston is to retire on March 31 as a director of STANDARD CHARTERED BANK, the Standard Bank, and the Chartered Bank. Mr. Preston was appointed a director of the Standard Bank in 1969, and was *one of the original directors of* Standard Chartered Bank, which was incorporated in the same year.

★

Mrs. S. R. Maycraft, manager of MIDLAND BANK'S economics department since 1972, has been appointed principal, from April 1. He succeeds Mr. P. K. Marks, who is retiring from the Bank.

★

Mrs. Frances Mossman has *become merchandise director* and Mr. Gerard Connolly, export director, of SABRE (SPORTWEAR).

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 20	Apr. 2	Jun. 14	Jun. 26
Apr. 3	Apr. 17	Jun. 28	Jul. 10
Apr. 18	Apr. 30	Jul. 12	Jul. 24

For rate indications see end of Share Information Service.

Money was given for the call in British Land, Queen's Moat Houses, Wimpey, Southern Construction, P & O, Westland Aircraft, Dubilier, Debenhams, Exchange Telegraph, ICI, Burmah, Inter-City, Allebone, Bowater, British Car Auction, Lonrho, Grand Met., Burton A, Town and City, Lennons, London Brick, Ultramar, Jove Capital, Premier Oil, Rolls-Royce, Edgar Allen (Balfour), LRC and Coral Leisure. Marks and Spencer and Ladbroke Warrants were dealt in for the put, and double options were arranged in NatWest Warrants, Shell, ICI, New Throgmorton Warrants and

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	23	1,144	+26	1,144	720
Shell Transport	25p	23	747	+11	752	484
ICI	£1	16	405	+ 3	421	328
Thorn Elect.	25p	16	424	+ 8	424	308
Beecham	25p	15	733	+ 8	735	581
Barclays Bank	£1	13	455	− 3	460	296
GEC	25p	12	410	− 4	415	[illegible]
GKN	£1	12	276	−10	298	226
Marks & Spencer	25p	12	112	+ 2	114	67½
BAT Inds.	25p	11	332	+ 2	362	260
BSR	10p	11	75	− 3	114	71
Burmah Oil	£1	11	114	+ 5	114	43
NatWest	£1	11	355	—	362	250
Tricentrol	25p	11	194	− 1	200	130
Midland Bank	£1	10	415	− 3	424	330

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Mining Finance	+34.29	Capital Goods Group	+18.72
Food Retailing	+31.17	*Office Equipment*	+18.37
Stores	+29.46	Other Groups	+17.46
Overseas Traders	+28.37	Engineering Contractors	+16.73
Property	[illegible]	Pharmaceutical Products	+16.67
Electronics, Radio and TV	[illegible]	Breweries	[illegible]
Oils	[illegible]	Discount Houses	[illegible]
Entertainment and Catering	[illegible]	Chemicals	[illegible]
Building Materials	[illegible]	Contracting and Construction	[illegible]
Banks	[illegible]	Packaging and Paper	[illegible]
Merchant Banks	[illegible]	Food Manufacturing	[illegible]
Wines and Spirits	[illegible]	Investment Trusts	[illegible]
Insurance (Life)	[illegible]	Mechanical Engineering	[illegible]
Electricals	[illegible]	Metal and Metal Forming	[illegible]
Newspapers and Publishing	[illegible]	Insurance Brokers	[illegible]
Finance Group	[illegible]	Hire Purchase	[illegible]
Consumer Goods (Non-durable) Group	[illegible]	Gold Mines F.T.	[illegible]
Insurance (Composite)	[illegible]	Motors and Distributors	[illegible]
All-Share Index	[illegible]	Toys and Games	[illegible]
500 Share Index	[illegible]	Household Goods	[illegible]
Industrial Group	[illegible]		
Tobaccos	[illegible]		
Consumer Goods (Durable) Group	[illegible]		

† Percentage changes based on Tuesday, March 27, 1979 indices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., March 28, 1979: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Mar. 27 Index No.	Mon., Mar. 26 Index No.	Fri., Mar. 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (75)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS									
11	(DURABLE) (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS									
21	(NON-DURABLE) (170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Mar. 28	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Wed., Mar. 28	Tues., Mar. 27	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Wed., Mar. 28 Index No.	Yield %	Tues. Mar. 27	Mon. Mar. 26	Fri. Mar. 23	Thur. Mar. 22	Wed. Mar. 21	Tues. Mar. 20	Mon. Mar. 19	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster March 26	41.7	43.7	.....	5.77
Exempt Feb. 28	104.9	108.9	.....	5.14

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	57.0	59.9	.....	3.17

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	76.1	81.0	.....	4.06

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	58.2	61.7	+0.7	5.96
Mutual Inc. Tst.	81.1	86.3	+1.1	6.72
Mutual Blue Chip	50.0	53.9	+0.7	6.04
Mutual High Yld.	64.1	68.5	+1.0	7.88

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income March 28	175.8	182.2	+11.4	5.43
(Accum. Units)	244.0	253.8	+15.8	5.43
Capt. March 28	147.4	152.8	+3.4	3.09
(Accum. Units)	181.4	188.2	+4.4	3.09

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	56.9	60.6	.....	4.35
(Accum. Units)*	70.7	75.3	.....	4.35
NPI O'seas. Trust	131.7	139.4	-3.9	2.25
(Accum. Units)**	142.6	151.0	-4.1	2.25

**Prices on Feb. 29. Next dealing April 26.

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

1978-79 High	Low	Stock	Price £	+ or –	Int.	Red.
37⅛	28½	Consols 4pc	34⅜	+⅛	11.85	—
*37⅛	28	War Loan 3½pc‡‡	34⅛	+⅛	10.49	—
39¾	33	Conv. 3½pc '61 Aft.	37½xd	+⅛	9.33	—
28⅝	22¼	Treasury 3pc 66 Aft.	25⅝xd	+⅛	11.68	—
24⅛	19½	Consols 2½pc	22⅞	+⅛	10.92	—
24	18½	Treasury 2½pc	21½xd	+⅛	11.68	—

INTERNATIONAL BANK

1978-79 High	Low	Stock	Price £	+ or –	Int.	Red.
101	79¾	5pc Stock '77-82	83½	......	5.99	10.95

CORPORATION LOANS

1978-79 High	Low	Stock	Price £	+ or –	Int.	Red.
98¼	89½	Birm'ham 9¾pc '79-81	95½	+½	9.69	11.46
94¼	85½	Bristol 7¾pc '79-81	91¾	+½	8.45	11.48
107	95¼	G.L.C. 12½pc '82	102¾	+½	12.16	11.43
112	93½	Do. 12½pc 1983	103	+¼	12.12	11.59
97¾	86	Glasgow 9¼pc '80-82	93¾	+½	9.86	11.57
96	90¼	Herts. 5½pc '78-80	93¾	+¼	5.60	11.15
102½	86	Liverpool 9¼pc '80-84	96½	+1	10.48	11.59
29¾	24¼	Do. 3½pc Irred.	29¼	+¼	12.12	—
88	79	Lon.Cp.6½pc '80-82	86¾	+½	7.50	11.41
99¾	83	Do. 9¼pc '84-85	90½xd	+½	10.21	11.43
92½	82½	L.C.C. 5½pc '77-81	88¾	......	6.20	10.78
87½	72	Do. 5½pc '82-84	83½	+1	6.68	9.82
73½	62¾	Do. 5½pc '85-87	73½	+½	7.65	10.72
78	59¾	Do 6¾pc '88-90	71½	+1	9.62	11.55
26½	20½	Do. 3pc '20 Aft.	25¾	+½	11.91	—
94⅞	91	Middx. 5¼pc 1980	94¾	+¼	5.54	11.02
99¾	93	Newcastle 9¼pc '78-80	97	+¼	9.54	11.49
106¾	97¼	Warwick 12½% 1980	101½	+½	12.31	11.40

COMMONWEALTH & AFRICAN LOANS

1978-79 High	Low	Stock	Price £	+ or –	Int.	Red.
97	92¼	Aust. 5½pc '77-80	97	......	5.75	11.42
88¼	81¼	Do. 5½pc '81-82	85½xd	+¼	6.45	11.38
96½	92	N.Z. 6pc '76-80	95¾	+⅛	6.30	11.48
87¾	74½	Do. 7½pc '83-86	82	+¼	9.39	11.68
95½	84¼	Sth. Africa 9½pc '79-81	88½xd	......	10.58	14.40
70	43	Sth. Rhod. 2½pc '65-70	64	......	—	—
96	75	Do. 6pc '78-81	95	......	—	—

LOANS

Public Board and Ind.

1978-79 High	Low	Stock	Price £	+ or –	Int.	Red.
64½	56	Agric. Mt. 5pc '59-89	64	......	7.96	11.17
90½	75	Alcan 10½pc '89-94	86	+1	12.74	13.20
33¼	24½	Met. Wtr. 3pc 'B'	30¼	+1	9.97	11.74
154	107	U.S.M.C. 9pc 1982	124	......	7.44	—
95½	87	Do. without Warrants	92	+1	10.12	13.10

Financial

1978-79 High	Low	Stock	Price £	+ or –	Int.	Red.
107¼	98¼	FFI 13pc 1981	102¾	+¼	12.65	11.27
110	101½	Do. 14pc '79	105½	......	14.13	—
114½	98	Do. 14pc '83	107½	+½	13.02	11.86
85	77½	ICFC 5½pc Deb. '80-82	85xd	+½	6.47	10.80
81½	71½	Do. 6¼pc Db. '81-84	81½	+1	7.91	11.40
99	84½	Do. 10½pc Uns.Ln. '86	97½	+1½	11.04	14.00
99¾	84½	Do. 11pc Uns.Ln. '88	96½	+1½	11.70	12.00
101½	86	Do. 11¾pc Uns.Ln. '90	99	+1	12.20	12.40
71½	57	Do. 7¼pc A Deb. '89-92	68½	+1	11.01	12.50
71½	53½	Do. 7¼pc A Db. '91-94	65½xd	+1½	11.06	12.30
84½	64½	Do. 9pc 'A' '91-94	77xd	+2	11.68	12.40
81¼	62½	Do. 8⅞pc Ln. '92-97	73½	+1½	12.33	12.80

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	......	—	—
41	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	13.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 25% (based on U.S.$2.0500 per £)

Conversion factor 0.8006 (0.7724)

CANADIANS

S.E. List Premium (based on $2.3902 per £)

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MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex	12	.....	—	—	—
171	64	Bougainville 50 Toea	134	+1	Q15c	1.0	6.9
140	63	BH South 50c	107	.....	—	—	—
820	150	Central Pacific	475	−25	—	—	—
336	148	Conzinc Riotinto 50c.	255	−7	¶Q10c	φ	2.4
36	19	Cultus Pacific N.L.	31	.....	—	—	—
27	9½	Endeavour 20c	17	−½	—	—	—
98	45	G.M. Kalgoorlie $1	77	−2	—	—	—
68	18	Haoma Gold N.L.	33	−1	—	—	—
170	81	Hampin Areas 5p.	165	−3	φ3.55	2.0	3.2
56	30	Metals Ex. 50c	56	+2½	—	—	—
275	125	M.I.M. Hldgs. 50c	227	−2	†Q9c	1.7	2.3
22	10	Minefields Expl.	15	.....	—	—	—
74	10	Mount Lyell 25c	60	.....	—	—	—
43¾	17¾	Newmetal 20c	20	+2	—	—	—
143	79	North B. Hill 50c	112	+1	Q8c	1.3	4.0
22	8½	Nth. Kalgurli	17	.....	—	—	—
50	12	Nth. West Mining	32	.....	—	—	—
178	102	Oakbridge $A1	103	−5	Q12c	1.9	6.8
42	10	Oilmin N. L.	28	.....	—	—	—
121	30	Pacific Copper	96	−4	—	—	—
£15½	725	Pancont'l 25c	875	−50	—	—	—
40	12	Paringa M&Ex.5p	21	.....	—	—	—
570	310	Peko-Wallsend 50c.	390	−8	Q15c	3.3	2.2
300	50	Southern Pacific	185	.....	—	—	—
188	84	Westn. Mining 50c.	166xd	−4	†Q3c	0.7	1.0
11	7	Westmex	11	.....	—	—	—
100	35	Whim Creek 20c	55	.....	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29xd	.....	2.81	1.3	14.4
435	240	Ayer Hitam $M1	350xd	.....	Q300c	0.5	18.4
72	45	Beralt Tin	72	+1	4.0	φ	8.3
305	190	Berjuntai $M1	215	−5	†Q110c	1.0	12.2
185	111	Geevor	160	.....	H5.57	5.8	5.2
11	8	Gold & Base 12½p	8½	.....	—	—	—
350	220	Gopeng Cons.	340	.....	18.0	1.4	7.9
355	130	Hongkong	355	.....	12.5	2.8	5.3
93	64	Idris 10p	70	.....	‡12.0	1.6	‡
12	7	Jantar 12½p	12	+1	—	—	—
84	63	Kamunting $M0.50	77	.....	†Q12.5c	2.1	3.5
340	133	Killinghall $M1	330	.....	—	—	—
470	280	Malay Dredging $M1	410xd	−10	†175c	0.7	9.2
78	40	ΔPahang	44	.....	—	—	—
85	50	Pengkalen 10p	80	−2	4.5	1.2	8.4
270	165	Petaling $M1	235	.....	Q120c	1.3	11.0
87	49	Saint Piran	80	+3	†2.03	6.5	3.8
70	47	South Crofty 10p	56	.....	†4.19	2.0	11.2
245	140	South Kinta $M0.50	190	−5	†sQ145c	0.6	16.4
410	230	Sthn Malayan $M1	360xd	−5	†Q190c	1.0	11.3
285	134	Sungei Besi $M1	275	+5	mQ65c	5.3	5.1
85	55	Supreme Corp. $M1	55	.....	ZQ10c	—	3.9
105	84	Tanjong 15p	100	.....	6.60	0.8	9.8
270	148	Tronoh $M1	255	+5	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	98	−2	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	70	−3	—	—	—
17	9	Burma Mines 17½p	11	.....	—	—	—
345	165	Cons. Murch. 10c.	275	+5	—	—	—
465	245	Northgate C$1	375	−15	—	—	—
319	164	R.T.Z.	317	−1	9.5	2.8	4.5
90	30	Sabina Inds. C$1	47	.....	—	—	—
£12	687	Tara Exptn. $1	775	−25	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$16¼	$10¼	Buffels R1	$13⅝	.....	Q190c	φ	16.1
$11⅜	830c	East Drie R1	$11⅛	+1/16	Q115c	1.6	11.6
585c	330c	East Rand Prp. R1	470c	.....	Q10c	—	2.5
$28⅜	$16½	F.S. Geduld 50c	$22⅝	−½	Q315c	2.4	16.0
$15⅛	975c	Pres. Brand 50c	$13⅞	−¼	Q150c	3.2	12.4
$14⅛	900c	St. Helena R1	$14¼xd	+⅛	Q190c	1.4	15.4
595c	313c	Sulfontein 50c	595c	+15	Q66c	φ	12.8
$24¾	$16¼	Vaal Reefs 50c	$24¼	.....	Q280c	2.7	13.2
$37	$25	West Drie R1	$35⅛	−⅛	†Q385c	1.7	12.6
$31¼	$19	West Hldgs. 50c	$28⅞	+⅛	Q415c	1.4	16.6
$13	895c	Western Deep R2	$12¾	−⅛	Q147½c	2.1	13.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	26½	.....
Ash Spinning	107	.....
Bertam	28	.....
Bdg'wtr. Est. 50p	350	.....
Clover Croft	28	.....
Craig & Rose £1	970	.....
Dyson (R. A.) A	35	.....
Ellis & McHdy	69	.....
Evered	27	.....
Fife Forge	54	.....
Finlay Pkg 5p	21	.....
Graig Ship. £1	155	−5
Higsons Brew.	83	.....
Holt (Jos) 25p	269	.....
I.O.M. Stm. £1	172xc	.....
Pearce (C. H.)	203	
Peel Mills	29	.....
Sheff. Refrshmt	78	.....
Sindall (Wm.)	120	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£91⅛	.....
Alliance Gas	110	.....
Arnott	390	.....
Carroll (P.J.)	112	.....
Clondalkin	94	.....
Concrete Prods.	93	.....
Heiton (Hldgs.)	57	.....
Ins. Corp.	220	.....
Irish Ropes	105	.....
Jacob	35	−2
T M G	275	+30
Unidare	85	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew.	7	I.C.I.	20	Unilever	55
BOC Intl	6	"Imps"	9	U.D.T.	4
B.S.R.	8	I.C.L.	40	Utd. Drapery	10
Babcock	14	Inveresk	7	Vickers	17
Barclays Bank	32	KCA	4	Woolworths	6½
Beecham	52	Ladbroke	18	**Property**	
Blue Circle	18	Legal & Gen.	14	Brit. Land	5
Boots	16	Lex Service	9	Cap. Counties	7
Bowaters	18	Lloyds Bank	25	E.P.	3½
B.A.T.	28	"Lofs"	5	Intereuropean	5
Brown (J.)	50	London Brick	7	Land Secs.	20
Burton 'A'	22	Lonrho	9	MEPC	15
Cadburys	5	Lucas Inds.	25	Peachey	13
Courtaulds	20	"Mams"	18	Samuel Props.	14
Debenhams	8	Mrks. & Spncr	9	Town & City	2
Distillers	21	Midland Bank	30	**Oils**	
Dunlop	6½	N.E.I.	14	Brit. Petroleum	70
Eagle Star	10	Nat. West. Bank	28	Burmah Oil	11
E.M.I.	14	Do. Warrants	15	Charterhall	3½
Gen. Accident	21	P & O Dfd	8	Shell	48
Gen. Electric	32	Plessey	10	Ultramar	24
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	12	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	16	Cons. Gold	17
Guardian	24	Spillers	5½	Rio T. Zinc	27
G.K.N.	24	Tesco	6		
Hawker Sidd.	22	Thorn	22		
House of Fraser	15	Trust Houses	27		
		Tube Invest.	30		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday March 29 1979

Emergency declared as U.S. reactor leaks

BY DAVID BUCHAN IN WASHINGTON

AN EMERGENCY was declared yesterday at a Pennsylvania nuclear power plant, after a radiation leak inside one of its two reactors, reinforcing growing unease in the U.S. about nuclear safety.

The Nuclear Regulatory Commission (NRC), which has sent inspectors to the plant in central Pennsylvania, said a cooling system failure early yesterday had released radiation inside the reactor containment shell, but not into the air.

Problem

Following the incident, it was difficult to judge the seriousness of the leak but local reports said some radioactive steam had escaped into the atmosphere. The NRC said yesterday: "From what we know now, it would sound like one of the most serious accidents we have had."

But it added that it was by no means the first time that a reactor's emergency cooling system had been activated.

According to the NRC, the problem arose when a steam turbine shut down, halting the flow of steam through the secondary steam loop running from the reactor heating system. Then radioactive water appeared to have leaked into the reactor containment system.

Metropolitan Edison, which operates the plant, said safety devices and emergency cooling systems had all worked properly after the failure, and that no one had been exposed to the increased radiation. Nevertheless, it evacuated all non-essential workers of the 200 employed at the plant at any one time from the reactor site.

The stae police reported a "general emergency," but people living nearby had not been moved.

The Pennsylvania incident comes two weeks after the shut down of five east coast nuclear plants ordered by the NRC which is responsible for nuclear safety, because of fears that their cooling systems might not be resistant to earthquakes.

Attracted

It also coincides with the release of a film, "The China Syndrome," about a near accident in a nuclear reactor, which has attracted considerable interest in the Press and among cinema audiences.

Whatever the final assessment of the NRC, incidents such as this will make it no easier for Mr. James Schlesinger, Energy Secretary, and his department to push ahead with their plans to speed up the construction of new nuclear power plants. Mr. Schlesinger has recently been arguing before Congress and its committees that nuclear power is one of the few long term means of making the U.S. less dependent on foreign oil.

Investigation to be launched into two sales practices

BY PAUL TAYLOR

THE GOVERNMENT yesterday asked the Monopolies and Mergers Commission to investigate two common sales practices not covered by existing restrictive practices legislation.

Mr. Roy Hattersley, Prices Secretary, announced the move in response to a recommendation in the Green Paper on restrictive practice policy, published yesterday.

He said the commission had been asked to investigate full-line forcing—the practice of making a customer buy the full range of a supplier's goods—and tie-in sales—tying the sale of one product to the sale of another—with a view to future legislation.

The Green Paper's main recommendations include giving the Director General of Fair Trading greater discretionary powers and a broader role for the commission covering areas not included under existing competition regulations.

The Paper, prepared for the Government by a team of senior civil servants and economists led by Mr. Hans Liesner, chief economic adviser to the Departments of Industry, Trade, Prices and Consumer Protection, forms the second stage of a review of existing competition policy.

To increase flexibility, it recommends that the Director General of Fair Trading be given discretionary powers in a number of areas so that he can allow minor or beneficial agreements to continue without the high cost of a court case.

The Monopolies and Mergers Commission should also be given the power to investigate anti-competitive practices, referred to it by the Director General.

Discretionary fines are suggested for failure to register an agreement, while collusive tendering should be prohibited

Mr. Hattersley said the proposals preserved the thread of eixsting policy while "sharpening-up" sections of the legislation and making it more flexible.

A Review of Restrictive Trade Practices Policy: Cmnd. 7512, SO, £2.

Green Paper details, Page 7, Editorial Comment, Page 22

THE LEX COLUMN

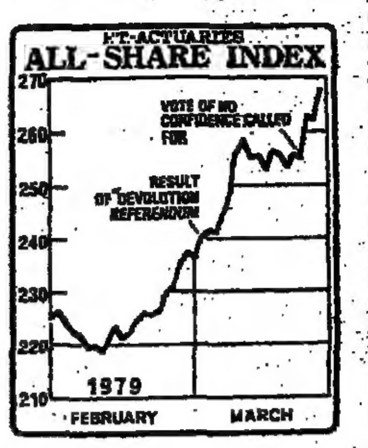
Politics and the fundamentals

The equity market closed last night heavily committed to a Government defeat in the confidence debate. Although some market operators were getting out ahead of the event, with share prices easing back from a midday peak, the political temperature remained very high.

Politics began to dominate the market's thinking when the devolution referendum on March 1 produced an unexpectedly close result in Scotland: the All-Share Index raced up by almost 10 per cent during the first ten days of the month and has produced a further spurt since the censure motion was announced last Thursday. By last night, in fact, the All-Share Index was 13.7 per cent, higher than its March 1 level. The corresponding rise in the FT Government Securities Index has been a little less than 6 per cent, lending some credibility to the opinions being expressed in the gilt-edged market yesterday that the improvement in bond prices has been rather more in touch with the fundamentals than the gains in equities.

Whereas long gilts still yield around 12.3 per cent equity yields have dropped below 5 per cent on average and the fully taxed p/e of industrials would, if calculated, be over 10. Manufacturing companies face the difficult reality of an uncompetitive exchange rate, and the prospect of a slowdown in the world economy under the influence of oil price rises.

Index fell 0.9 to 538.3



Hudson's Bay

A key to George Weston's bid for 51 per cent of Hudson's Bay Company at C$40 a share lies in the favourable tax treatment given to dividend income in Canada. Weston would have been pushed to make an all cash offer of this size, and the Weston family—which controls some 54 per cent of George Weston—would not have wanted their interest to be diluted by an offer in shares. Instead, The Bay is being offered a choice of cash and 8½ per cent preferred shares, with the proviso that cash must make up at least a quarter of the total consideration.

Accepting UK shareholders will obviously go for the all cash option. But it will be a different story in Canada, where $1 of dividend income is equivalent to $1.55 of interest income to an investor paying tax at 50 per cent. The preferred will also allow Canadians to defer their capital gains liabilities—and help to bolster Weston's relatively slim equity base.

But the next move is up to the Thomson family, which started the ball rolling with a partial bid of $31 a share. Thomson is likely to be a much more passive owner than Weston, which might be attractive to The Bay's management. The big unknown is whether Thomson would want or be able to get sufficient access to the big cash surplus being generated in the North Sea by its quoted interests in order to improve its offer substantially.

Life companies

Earnings of the new-style Prudential Corporation in 1978 are far better than could have been forecast at the interim stage, with a rise from £31.9m to £41.2m after tax, and the dividend has gone up by a fifth. Of course the Pru's corporate reorganisation was not a device to get around UK dividend controls — but it did save all that vulgar haggling with the Treasury.

The key to the earnings gain lies in the Mercantile and General reinsurance business, where after tax profits are £6.1m higher at over £11m. Halfway through the year, M and G was anticipating the need to strengthen its marine and aviation reserves by about £3m. In the event, this proved unnecessary. This has allowed a big increase in investment income to come straight through to earnings.

In addition the Pru has managed an improvement in its UK homeowners business, with the help of a rise in minimum premiums and index linking. And although results in the UK still deteriorated by £2m as a result of motor and liability losses, this was offset by an upturn in Canada.

The upshot is a net surplus on general business of £16.2m, up from £10.4m in 1977, and not far short of the £17.2m surplus on the life side. That represents a radical change in the profile of the group: in 1975, life profits were 3½ times greater than the earnings on general insurance. It also means that profits could be much more volatile in future.

However the dividend is still four-fifths covered by the life surplus, if one allows for a special charge of £2.4m last year, which is in line with the recent past. And although M and G is now making good returns, there is still room for improvement in general underwriting. The shares rose 10p to 189p yesterday, and yield 6½ per cent.

All this overshadowed yesterday's preliminary figures from Legal and General, which reported pre-tax profits a fifth higher at £20.8m. L and G's life profits are rising at a steady pace, but it is still having trouble with general underwriting outside the UK. The question is whether its Continental operations are big enough to make sense over the long term. Prior to a Pru-style capital reorganisation, the shares yield just over 5 per cent at 192p.

Schroders

The performance of the City merchant banks was decidedly mixed in 1978. Kleinwort Benson and Singer and Friedlander have reported surprisingly good figures, while Rea Brothers and Morgan Grenfell have both announced profit setbacks. Although Schroders yesterday announced a rise of £1.4m in disclosed profits to £4.9m this was entirely due to special factors. There was £0.7m worth of extraordinary profits on associated company property disposals and a £1.5m turnaround into profits at other associated companies—principally reflecting the significant reduction in the loss at Property Holdings International which has now been dissolved.

The underlying banking business, by contrast, showed a 12.5 per cent drop in disclosed profits. This was unimpressive, given that the group's balance sheet rose by close to a third last year and the important U.S. banking subsidiary, Schroders Inc., had the benefit of a hefty injection of new capital. The group has transferred £5m out of inner reserves, but even so its published ratios still look a little weaker than those of most other leading merchant banks. At 480p, the shares yield 4.0 per cent.

UN ready to evacuate families in Uganda

By Mark Webster and John Worrall in Nairobi

THE UNITED NATIONS was preparing yesterday to evacuate dependants of its personnel in Kampala as the Tanzanian-backed forces invading Uganda closed in on the capital, Kampala.

Diplomats here reported that the invading troops had advanced five miles from the town of Mpigi, south-west of Kampala, and were occupying the village of Nabingo, on the main road to the capital. That would put the force only about 13 miles from Kampala.

President Daniel Arap Moi of Kenya yesterday appealed to the Tanzanians to withdraw from Uganda to avoid a worsening of the conflict. This followed a reported threat by Libya on Tuesday to intervene strongly on the side of President Amin unless Tanzania withdrew its forces within 24 hours.

In Kampala the United Nations prepared to exacuate the families of its personnel. It plans to move 150 women and children out of Uganda today, leaving only 50 of its staff.

Ultimatum

A West German Embassy official said that life in the capital was going on as normal and that people were still working. He said there was no unusual military activity. Earlier confused and unconfirmed reports said that tanks with Tanzanian markings has been seen in the streets.

Uganda radio admitted that the invaders had captured Mityana, 28 miles to the west of Kampala, and had thus cut off road and rail links between the capital and Western Province.

There remains considerable uncertainty over what the Libyan troops—stationed in Uganda and supporting President Amin — might do now that their 24-hour ultimatum to the Tanzanians to withdraw has passed.

Observers here are sceptical that the Libyans have sufficient strength in Uganda to prosecute a war on their own while the pro-Amin Ugandan troops are in evident disarray. It is widely believed that the Libyans have already evacuated their own dependants from Uganda.

Cable monopolies given all-clear

BY JOHN LLOYD

MONOPOLIES in the electric wire and cable industry are not against the public interest, according to a report published yesterday by the Monopolies and Mergers Commission.

Mr. John Fraser, Minister of State for Prices and Consumer Protection, told the Commons no action would be taken by Mr. Roy Hattersley.

However, he said the Commission had been "precluded from considering the effect on the public interest of BICC's (the UK's largest cable maker) involvement in unregistered restrictive agreements, the most significant of which was in respect of sales of external telephone cable to the Post Office, which came to light during its inquiries."

Last June, four cable companies—BICC, Pirelli General, Standard Telephones and Cables, and Telephone Cables (whose major shareholder is GEC) agreed to repay £9m to the Post Office as an "adjustment" to prices charged by them to the corporation before 1975, when they were operating unregistered agreements.

The report, began by the Commission in July, 1974, found that:

● BICC and its cablemaking subsidiaries established a monoover supply in the UK, where a monopoly is defined as the supply of at least one quarter of the product in question. BICC and its subsidiaries supplied 35 per cent (by value) of wires and cables in the UK in 1974.

● BICC and its cablemaking subsidiaries established a monopoly over exports from the UK, where a monopoly is defined as the production in the UK of more than one quarter of the product. BICC produced 36.6 per cent of wires and cables in the UK in 1974.

● A "complex monopoly" exists in favour of a number of leading cable companies, including BICC, Delta, Pirelli General and STC, in relation to exports. All were party to various export agreements which in some way "prevent, restrict or distort" competition in the export field

● None of these monopolies, "nor any step taken for the purpose of exploiting or maintaining them" operate against the public interest.

In a number of major wire and cable products, the Commission found that BICC was faced with powerful competitors who would take market share if BICC overcharged.

In export markets, the Commission said that the agreements entered into by the companies did not restrict domestic competition between the companies.

"The agreements themselves clearly restrict competition in exports, but the home market remains the main influence on efficiency. The agreements contain no provision likely, in our view, to retard technical innovation and advance."

BICC welcomed the report, saying that the Commission's questioning was "extensive and penetrating," but the company had received a fair hearing.

Insulated Electric Wires and Cables: Commons Paper 243, HMSO, price £2.75.

Cambridge group calls for import controls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A RAPIDLY deepening world recession could occur over the next decade unless major structural changes are made in the pattern of trade—including the imposition of import controls by the U.S. and the UK. This is the central theme of an annual study published today by a group of Cambridge economists led by Mr. Wynne Godley.

The Cambridge Economic Policy Review is produced by a group called the New Cambridge School based at the Department of Applied Economics at the university. The group has consistently taken an anti-monetarist line and has advocated expansionary policies supported by import controls. Its views have considerable influence within the Labour Party, especially on the Left.

The review confirms that the UK makes the highest per head contribution to the EEC taking all receipts and payments together.

A very gloomy view is taken of the prospects for the UK in the next decade. "On the implausible assumption that nothing is done, unemployment would rise to 2½m to 3½m during the 1980s and inflation would be in the 15 to 20 per cent range (when not temporarily checked by incomes policies)."

The group argues that "neither incomes policy nor fiscal and monetary restrictions nor devaluation will provide a remedy for problems of slow growth, unemployment and inflation which are becoming more and more severe. Incomes policy may help a little: financial restriction or devaluation will positively make matters worse. General import controls and reflation to expand internal demand are now an urgent necessity."

Moreover, even though such action may be inconsistent with international rules, "if the predicament is as severe as that encountered by the UK and agreement is not forthcoming, there is a perfectly good case for breaking rules unilaterally."

This call is directly counter to present policies but it is possible that existing partly dormant pressures for selective import controls may re-surface after the election if the current poor import performance continues.

On a world scale, the group sees the persistence of imbalance in the structure of trade in manufactured goods as the main problem, especially the growing share of Japan and the falling share of the U.S. and the UK.

The main danger the group considers is that the U.S. may restrict activity to eliminate its deficit, while EEC countries deflate to avoid having the U.S. deficit passed on, while Japan further increases its share of trade.

The review suggests that the required changes are more formidable than can be achieved by exchange rate adjustments. What is needed, it says, is a sharper reduction in the growth of Japanese exports, restrictions on imports in the U.S. and other countries, coupled with discrimination in favour of exports of manufactured goods from developing countries.

Details, Page 8, Economic viewpoint, Page 23.

Unions set election machine in motion

BY CHRISTIAN TYLER, LABOUR EDITOR

TRADE UNIONS yesterday set in motion a formidable election machine designed to persuade the country's 12m union members that the Conservatives must be prevented from regaining power, however unpopular Labour's wage controls may have been.

Although many union leaders doubted that the Government would lose last night's confidence vote in the Commons, they decided in advance of the MP's verdict to prepare a combined campaign in 50 or 60 marginal seats.

For the first time, major unions affiliated to the Labour Party will be working in concert with a programme of speeches, canvassing, leaflets and posters.

A campaign bureau is to be established in London, at offices of the General and Municipal Workers Union, to respond to what the unions believe will be a major issue of the election—Conservative proposals for legal reforms covering the conduct of industrial disputes, union elections and the closed shop.

The campaign, which will be conducted by a Trade Union Committee for Labour Victory, is certain to draw in the TUC. Mr. Len Murray, its general secretary, will be able to waive the TUC's customary political neutrality by promoting a TUC Congress resolution of last autumn giving unqualified support to a Labour Government.

The joint union committee will produce a special broadsheet for the campaign. Advertising in the national Press has been discussed but this may not be followed up on the grounds that a selective campaign in vulnerable constituencies is the priority.

Yesterday's meeting of the TUC general council endorsed a statement by Monday's session of the TUC-Labour Party liaison committee—that Conservative policies "would be harmful to the interests of the British people." In particular, it pointed to Tory policy on Common Market farm prices, the role of the National Enterprise Board, job protection, public expenditure and the "emphasis on legal curbs" in industrial relations.

Mr. Murray said after the general council: "This Labour Government has been good for the nation and it has been good for trade unionists and working people, and we want to see it sustained in office."

Mr. David Basnett, chairman of the campaign committee, said the central aim would be to tell trade unionists that only a Labour Government, acting by concensus rather than confrontation, could solve the country's economic problems.

Campaign tactics, Page 10

Lorry weight inquiry is on, with wider brief

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE GOVERNMENT is to go-ahead with its controversial inquiry into weight limits for lorries, but has decided to cast the inquiry in a much wider form than originally expected.

Mr. William Rodgers, the Transport Secretary, told the House of Commons yesterday that the inquiry's terms of reference would be "to consider the causes and consequences of the growth in the movement of freight by road and in particular the impact of lorries on people and their environment."

The committee would be asked to advise how to ensure that future developments in road freight "should best serve the public interest."

In spite of this vague outline, there is no doubt that the central, practical result of its investigations will be to decide whether there is a case for Britain's agreeing to a European Commission proposal for a maximum gross weight of 44 tonnes (43.1 tons).

Britain's existing limit is 32 tons and although the heavier generation of lorries would not look different—indeed many are already operating in Britain with reduced payloads—environmentalists argue they would be more disruptive and dangerous and cause more damage to roads.

The concept of an inquiry into lorry weights has been germinating for a long time in the Department of Transport, but it became controversial in October when an internal memorandum on the subject was leaked to Fleet Street.

This document, signed by Mr. Joe Peeler, under secretary in charge of road freight, argued that an inquiry would help to prove the case for higher weights, already accepted in the department.

Transport 2000, the pro-rail pressure group, said yesterday it was still highly sceptical about the possibility of an impartial inquiry into the subject. It called for the release of all Internal Department papers relating to the inquiry.

Mr. Rodgers himself has steadfastly denied his commitment to the case for heavier lorries. He has said he believes the inquiry is necessary to draw together a large amount of disparate research into environmental, technical and economic aspects.

He has not yet appointed a chairman for the inquiry, although a name strongly canvassed within the department is that of Professor Christopher Foster, whose report in January on the road haulage operators' licensing system was generally well received.

One of his recommendations was that the Government conduct a detailed inquiry into the environmental consequences of past and possible future growth in road freight.

Rodgers rules out rail cuts, Page 6

Weather

UK TODAY

OUTBREAKS of sleet. Snow on high ground. Wintry showers and sunny intervals in South Wales and Southern England. Max. 6C (43F).

London, Midlands, N. Wales, N.W. England, S.W. Scotland, Isle of Man

Snow on high ground. Outbreaks of sleet. Very cold.

S.E. and Cent. S. England

Scattered wintry showers. Mostly cloudy.

E. England, Cent. N. England, N.E. England, Cent. Highlands, Edinburgh, Aberdeen, Borders

Periods of rain and sleet. Snow on hills.

S.W. England, S. Wales, Channel Isles, N.E. Scotland, Orkney and Shetland

Wintry showers. Sunny intervals.

● **Outlook:** Sunny intervals and wintry showers. Night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	Locarno	R	6	43
Algiers	C	16	61	London	C	7	45
Amsdm.	C	6	43	Luxmbg.	C	5	41
Athens	C	18	64	Madrid	F	11	52
Bahrain	S	23	73	Majorca	F	17	63
Barclna.	F	16	61	Malaga	C	16	61
Belfast	C	1	34	Malta	S	19	66
Belgrd.	S	18	64	Mchstr.	C	5	41
Berlin	F	15	59	Melbne.	C	17	63
Biarritz	R	10	50	Milan	R	10	50
Bmghm.	C	5	41	M'ntreal	S	1	34
Blackp'l	C	6	43	Moscow	R	2	36
Bordx.	C	8	46	Munich	F	12	54
Boulgn.	C	5	41	Nairobi	R	24	75
Bristol	R	6	43	Naples	C	15	59
Brussels	C	5	41	Nwcstl.	C	5	41
Budpst.	F	14	57	N. York	S	5	41
B. Aires	S	23	73	Nice	R	8	46
Cairo	S	25	77	Nicosia	C	19	66
Cardiff	R	5	41	Oporto	F	13	55
Cas'b'ca	F	16	61	Oslo	R	4	39
Cape T.	S	21	70	Paris	C	7	45
Chicago	R	5	40	Perth	C	23	73
Cologne	C	9	48	Prague	F	14	57
Cpnhgn.	C	6	43	Reykjvk.	S	—2	28
Dublin	C	9	48	Rhodes	C	19	66
Dbrvnk.	F	16	61	Rio J'o	C	27	81
Ednbgh.	R	5	41	Rome	C	15	59
Faro	C	16	61	Salzb'rg	C	8	46
Florence	C	17	63	Singapr.	S	31	88
Frankf't	C	7	43	Stckhm.	C	2	36
Funchal	C	15	59	Strasbg.	C	9	48
Geneva	R	3	37	Sydney	R	21	70
Gibrltr.	C	15	59	Tangier	C	16	61
Glasgow	C	7	45	Tel Aviv	S	19	66
G'nsey	F	7	45	Tenerife	F	14	57
Helsinki	C	1	34	Tokyo	S	15	59
H. Kong	S	19	66	Toronto	S	0	30
Innsbrk.	C	12	54	Tunis	F	20	68
Invrnss.	R	5	41	Valencia	C	18	64
I.o.Man	C	7	45	Venice	C	12	54
Jersey	F	7	45	Vienna	S	15	59
Jo'burg	S	26	79	Warsaw	C	6	43
L. Plms.	C	19	66	Zurich	R	4	39
Lisbon	C	14	57				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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